NEW ISSUE—Issued in Book–Entry Only Form

Ratings: Moody's "Aaa"; S&P "AAA" (FSA Insured)
See "MISCELLANEOUS—Bond Ratings" and "CREDIT ENHANCEMENT" herein.

Subject to compliance by the Authority and the State with certain covenants, in the opinion of Bond Counsel, under present law, interest on the 1999A Bonds, is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under existing laws of the State of Utah as presently enacted and construed, interest on the 1999A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "LEGAL MATTERS—Tax Exemption" herein for more complete discussion.

State of Utah, State Building Ownership Authority

$9,455,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 1999A

payable from annually renewable lease payments to be made by the

State of Utah

pursuant to a State Facilities Master Lease Agreement, as amended and supplemented (the "Lease")

The 1999A Bonds are issued by the State of Utah, State Building Ownership Authority (the "Authority"), a body corporate and politic of the State of Utah (the "State"), are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 1999A Bonds. Principal of and interest on the 1999A Bonds (interest payable May 15 and November 15 of each year, commencing May 15, 2000) are payable by First Security Bank, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof. See "THE 1999A BONDS—Book–Entry Only System" herein.

The 1999A Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary optional redemption (in the event of damage to, or destruction or condemnation of the 1999A Facilities) prior to maturity. See "THE FACILITIES—The 1999A Facilities" and "THE 1999A BONDS—Redemption Provisions For The 1999A Bonds" herein.

The 1999A Bonds are being issued to finance a portion of the cost of the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities, and paying the costs associated with the issuance of the 1999A Bonds. The 1999A Bonds and certain Prior Parity Bonds previously issued by the Authority will be equally and ratably secured under the Indenture and the Mortgages on certain of the Facilities.

Under the Lease, the State has agreed to pay Base Rentals, as defined herein, which are sufficient to pay the principal of and interest on the 1999A Bonds and the Prior Parity Bonds, coming due in each year, but only if and to the extent that the State Legislature annually appropriates funds sufficient to pay such Base Rentals plus such Additional Rentals as are necessary to operate and maintain the Facilities during each Renewal Term. The Lease specifically provides that nothing therein shall be construed to require the State to appropriate moneys to pay the Base Rentals or Additional Rentals (collectively, the "Rentals") under the Lease, and the State is not obligated to pay such Rentals except to the extent appropriated. Neither the obligation of the State to pay such Rentals nor the obligation of the Authority to pay the 1999A Bonds will constitute or give rise to a debt, general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1999A Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power.

The purchase of the 1999A Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. See “INTRODUCTION—Bondowners’ Risks” herein.

The scheduled payment of principal of and interest on the 1999A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 1999A Bonds by FINANCIAL SECURITY ASSURANCE INC.

FSA.

Dated: August 1, 1999 **Due:** May 15, as shown below

$5,120,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Interest Rate	Yield or Price	Due May 15	CUSIP 917547	Principal Amount	Interest Rate	Yield or Price
2001	LU 3	$ 55,000	5.25%	4.20%	2008..................	MB 4	$380,000	5.25%	4.90%
2002	LV 1	265,000	5.25	4.30	2009..................	MC 2	405,000	5.25	5.00
2003	LW 9	300,000	5.25	4.40	2010..................	MD 0	425,000	5.25	5.10
2004	LX 7	310,000	5.25	4.50	2011..................	ME 8	450,000	5.25	5.15
2005	LY 5	330,000	5.25	4.60	2012..................	MF 5	470,000	5.25	5.20
2006	LZ 2	345,000	5.25	4.70	2013..................	MG 3	495,000	5.25	100.00
2007	MA 6	365,000	5.25	4.80	2014..................	MH 1	525,000	5.30	100.00

$4,335,000 5.50% Term Bond due May 15, 2021—Price 100.00% (CUSIP 917547 MQ 1)

(Accrued interest from August 1, 1999 to be added, if any.)

The 1999A Bonds were awarded pursuant to electronic competitive bidding held via the Bloomberg Terminal service on Wednesday, August 4, 1999 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated July 1, 1999) to First Security Van Kasper, Salt Lake City, Utah, as Senior Manager; with Prudential Securities Inc., Los Angeles, California, as Co–Manager; at a “true interest rate” of 5.40%.

Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision. This OFFICIAL STATEMENT is dated August 5, 1999, and the information contained herein speaks only as of that date.

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No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations, other than those contained in this OFFICIAL STATEMENT, in connection with the offering contained herein, and, if given or made, such additional information or representations must not be relied upon. This OFFICIAL STATEMENT does not constitute an offer to sell or the solicitation of an offer to buy the securities offered hereby where such offer or solicitation would be unlawful. The information set forth herein has been obtained from the State, the Authority, DTC, and other sources that are believed to be reliable. The information contained in this OFFICIAL STATEMENT is subject to change without notice and neither delivery of this OFFICIAL STATEMENT nor any sale of the 1999A Bonds shall create any implication that there has been no change in the information contained herein subsequent to the date hereof.

Other than with respect to information concerning Financial Security Assurance Inc. ("FSA") contained under the caption "CREDIT EHHANCEMENT" and "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein, none of the information in this OFFICIAL STATEMENT has been supplied or verified by FSA and FSA makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the 1999A Bonds; or (iii) the tax exempt status of the interest on the 1999A Bonds.

In connection with the offering of the 1999A Bonds, the successful bidder(s)' may engage in transactions that stabilize, maintain, or otherwise affect the price of the 1999A Bonds. Such transactions may include overallotments in connection with the underwriting, the purchase of 1999A Bonds to stabilize their market price and the purchase of 1999A Bonds to cover underwriter short positions. Such transactions, if commenced, may be discontinued at any time.

The 1999A Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities agency, nor has the Securities and Exchange Commission or any state securities agency passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is a criminal offense.

This OFFICIAL STATEMENT has been designed to conform, where applicable, to the guidelines presented in Disclosure Guidelines for State and Local Government Securities, published by the Government Finance Officers Association in 1991, as revised.

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OFFICIAL STATEMENT RELATED TO

State of Utah, State Building Ownership Authority

$9,455,000 Lease Revenue Bonds
(State Facilities Master Lease Program), Series 1999A

payable from annually renewable lease payments to be made by the

State of Utah

pursuant to a State Facilities Master Lease Agreement,
as amended and supplemented (the "Lease")

INTRODUCTION

This OFFICIAL STATEMENT, including the cover page, introduction and Appendices, provides information in connection with the issuance and sale by the State of Utah, State Building Ownership Authority (the "Authority"), a body politic and corporate of the State of Utah (the "State") of its $9,455,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 1999A (the "1999A Bonds").

This introduction is only a brief description of the 1999A Bonds and the security and source of payment for the 1999A Bonds and is qualified by, more complete and detailed information contained in the entire OFFICIAL STATEMENT, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire OFFICIAL STATEMENT. The offering of the 1999A Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

See the following Appendices attached hereto and incorporated herein by reference: APPENDIX A—BASIC DOCUMENTATION; APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998; APPENDIX C—DEMOGRAPHIC AND ECONOMIC DATA REGARDING THE STATE OF UTAH; APPENDIX D—PROPOSED FORM OF OPINION OF BOND COUNSEL; APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY; and APPENDIX G—BOOK–ENTRY SYSTEM.

Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Lease and the Indenture. See "APPENDIX A—BASIC DOCUMENTATION–DEFINITIONS OF CERTAIN TERMS" below.

The Issuer

The Authority was established and operates under the State Building Ownership Act (the "Building Ownership Act"), Title 63, Chapter 9a, Utah Code Annotated 1953, as amended (the "Utah Code"). The Authority was created in 1979 for the purpose of acquiring, constructing, improving or extending one or more projects on behalf of the State and certain state bodies pursuant to the Building Ownership Act. See "STATE BUILDING OWNERSHIP AUTHORITY" below.

Authorization For And Purpose Of The 1999A Bonds; Prior Parity Bonds

The 1999A Bonds are being issued pursuant to (i) the Building Ownership Act and Utah Code, Chapters 6, 7 and 8 of Title 63B (collectively, the "Acts"); (ii) certain authorizing resolutions adopted by the Authority; and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement dated as of September 1, 1994, as amended and supplemented (collectively, the "Indenture") between the Authority and First Security Bank, National Association, Salt Lake City, Utah, as trustee (the "Trustee").

The 1999A Bonds are being issued to finance a portion of the cost of the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities (collectively, the "1999A Facilities"), and paying the costs associated with the issuance of the 1999A Bonds. See "THE 1999A BONDS—Estimated Sources And Uses Of Funds" below and "THE FACILITIES—The 1999A Facilities" below.

The Authority has previously issued eight Series of Bonds under the Indenture (collectively, the "Prior Parity Bonds") to finance the cost of various projects (the "Facilities") under the Building Ownership Act.

As of August 26, 1999 (the scheduled closing of the 1999A Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds is $225,586,478.

The 1999A Bonds will be issued on a parity basis, and will be equally and ratably secured under the Indenture with (i) the Prior Parity Bonds and (ii) any Additional Bonds which may be issued from time to time under the Indenture. *The 1999A Bonds, the Prior Parity Bonds, and any Additional Bonds issued under the Indenture are sometimes collectively referred to herein as the "Bonds."* See "THE 1999A BONDS—Additional Bonds; Refunding Bonds" below and "APPENDIX A—BASIC DOCUMENTATION–THE INDENTURE–The 1999A Bonds–Additional Bonds" below.

The Authority has leased the Facilities to the State, acting through its Division of Facilities Construction and Management, a division of its Department of Administrative Services (the "Division"), pursuant to a State Facilities Master Lease Agreement dated as of September 1, 1994, as amended and supplemented (collectively, the "Lease").

Pursuant to certain mortgages, the Authority has granted to the Trustee mortgages and security interests in each of the Facilities (other than certain housing facilities financed for the University of Utah (the "U of U 1998B Facilities")) as security for the 1999A Bonds.

In connection with financing the U of U 1998B Facilities for the University of Utah, the Authority also granted a leasehold mortgage and security interest in a performing arts auditorium known as Kingsbury Hall located on the campus of the University of Utah. A mortgage on Kingsbury Hall will also be created to secure the 1999A Bonds). The Facilities which are subject to mortgages and security interests (excluding the U of U 1998B Facilities, but including the Kingsbury Hall), are herein referred to as the "Mortgaged Facilities". See "THE 1999A BONDS—Security And Sources Of Payment For The 1999A Bonds" below.

Security

Pursuant to the Indenture, the Authority has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Mortgaged Facilities and its right to receive the Base Rentals (as defined below) as lessor under the Lease, as security for the payment of the principal of, premium, if any, and interest on the 1999A Bonds. In addition, the Authority has granted a mortgage on all of its interest in each of the Mortgaged Facilities and the real property (or leasehold interest therein) on which the Mortgaged Facilities are located pursuant to certain Mortgages, Security Agreements and Assignments of Rents (collectively, the "Mortgages"), as provided in the Indenture, for the equal and proportionate benefit of the Owners of the 1999A Bonds, subject to the release of any of the Mortgaged Facilities upon the terms and conditions described under "THE FACILITIES—Release Of Portions Of Mortgaged Facilities" below. The mortgages and security interests created by the Mortgages secure all Bonds issued and outstanding under the Indenture on a parity basis. See "THE FACILITIES—Cross–Collateralization" below.

The 1999A Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1999A Bonds. See "THE 1999A BONDS—Security And Sources Of Payment For The 1999A Bonds" below.

Under the Lease, the State has agreed to make payments in stated amounts which are sufficient to pay interest on the 1999A Bonds and the principal amount thereof coming due in each year (collectively, the "Base Rentals"), but only if and to the extent that the State Legislature (the "Legislature") annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) under the Lease plus such additional amounts (the "Additional Rentals") as are necessary to operate and maintain the Facilities during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay any Base Rentals or Additional Rentals (collectively, the "Rentals") thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such Rentals except to the extent of funds appropriated for that purpose. The obligation of the State to pay any Rentals is subject to annual appropriations by the Legislature as provided in the Lease. Neither the obligation of the State to pay Rentals nor the obligation of the Authority to pay the 1999A Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1999A Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power. See in this section "Risks Inherent In The Ownership Of The 1999A Bonds" and "THE 1999A BONDS—Security And Sources Of Payment For The 1999A Bonds" below.

The scheduled payments of the principal of and interest on the 1999A Bonds will be guaranteed by FINANCIAL SECURITY ASSURANCE INC. See "CREDIT ENHANCEMENT" below.

Redemption Of The 1999A Bonds

The 1999A Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary optional redemption (in the event of damage, destruction or condemnation to the 1999A Facilities) prior to maturity. See "THE FACILITIES—The 1999A Facilities" and "THE 1999A BONDS—Redemption Provisions For The 1999A Bonds" herein.

Registration, Denominations, Manner Of Payment Of The 1999A Bonds

The 1999A Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the 1999A Bonds. Purchases of 1999A Bonds will be made in book–entry only form, in the principal amount of $5,000 or any natural multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Owners of the 1999A Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 1999A Bonds. "Participants" and "Owners" are defined under "APPENDIX G—BOOK–ENTRY SYSTEM" herein.

Principal of and interest on the 1999A Bonds (interest payable May 15 and November 15 of each year, commencing May 15, 2000) are payable by First Security Bank, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the 1999A Bonds. So long as

Cede & Co. is the sole registered owner, as nominee of DTC, it will in turn remit such principal and interest to its Participants, for subsequent disbursements to the Owners of the 1999A Bonds, as described under “APPENDIX G—BOOK–ENTRY SYSTEM” herein.

So long as DTC is the sole registered owner of the 1999A Bonds, neither the Authority, the State, the successful bidder(s) nor the Trustee will have any responsibility or obligation to any Participants of DTC, or the Persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Participants, Direct Participants, Indirect Participants or the Owners of the 1999A Bonds. *Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “registered Owners” of the 1999A Bonds shall mean Cede & Co. and shall not mean the Owners of the 1999A Bonds.*

Transfer Or Exchange Of The 1999A Bonds

No transfer or exchange of any 1999A Bonds shall be required to be made during a period beginning on the Regular Record Date immediately preceding any interest payment date and ending on such interest payment date. Regular Record Date shall mean the first day of the month in which such Bond Interest Payment Date occurs.

Tax–Exempt Status For The 1999A Bonds

Subject to compliance by the Authority and the State with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under present law, interest on the 1999A Bonds is not includible in gross income of the Owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In the opinion of Bond Counsel, under existing laws of the State of Utah as presently enacted and construed, interest on the 1999A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See “LEGAL MATTERS—Tax Exemption” herein for more complete discussion.

Professional Services

As of the date of this OFFICIAL STATEMENT, the following have served the Authority and the State in the capacity indicated in connection with the issuance of the 1999A Bonds:

Independent Auditors

Utah State Auditor
State Capitol Building, Rm 211
Salt Lake City, UT 84114
801.538.1025—Fax 801.538.1383

Bond Counsel

Chapman and Cutler
50 S Main St, Ste 900
Salt Lake City, UT 84144
801.533.0066—Fax 801.533.9595

Trustee, Paying Agent and Bond Registrar

First Security Bank, National Association
Corporate Trust Department
79 S Main St
Salt Lake City, UT 84111
801.246.5630—Fax 801.246.5777

Disclosure Counsel

Ray, Quinney & Nebeker
79 S Main St, Ste 500
Salt Lake City, UT 84145–0385
801.532.1500—Fax 801.532.7543

Financial Advisor

Zions Bank Public Finance
215 S State St, Ste 700
Salt Lake City, UT 84111–2336
801.524.2100—Fax 801.524.2109

Conditions Of Delivery, Anticipated Date, Manner And Place Of Delivery For The 1999A Bonds

The 1999A Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Chapman and Cutler, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the State by its Attorney General. Certain matters will be passed on for the successful bidder(s) by Ray, Quinney & Nebeker. It is expected that the 1999A Bonds, in book–entry form, will be available for delivery in Salt Lake City, Utah, for deposit with a "fast agent" of DTC (First Security Bank, National Association, Corporate Trust Department, Salt Lake City, Utah) on Thursday, August 26, 1999.

Risks Inherent In The Ownership Of The 1999A Bonds

The purchase of the 1999A Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 1999A Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain of these risks are described below.

Limited Obligations

The 1999A Bonds are payable from amounts due under the Lease on a parity basis with all other Bonds that may be outstanding under the Indenture. The initial term of the Lease commenced as of September 1, 1994, and expired at 11:59 P.M. on June 30, 1995 (the "Initial Term"). The State has the option under the provisions of the Lease to extend the term of the Lease for consecutive one–year renewal terms commencing on July 1 of each of the years 1995 through 2019 and a final Renewal Term commencing July 1, 2020, and ending May 16, 2021 (herein referred to as the "Renewal Terms"). The 1999A Bonds will be issued during the fifth Renewal Term of the Lease. The State's obligation under the Lease does not constitute a general obligation or other indebtedness of the State, the Authority or any agency or political subdivision of the State within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

There is no assurance that the State will, in its sole discretion, exercise its option to extend the term of the Lease for any future Renewal Term. Accordingly, the likelihood that the State will extend the term of the Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 1999A Bonds as the same become due depends upon a number factors, including, but not limited to (a) the economic and demographic conditions within the State, (b) the ability of the State to generate sufficient tax or other revenues in any year, (c) the willingness of the Legislature in any future year to appropriate moneys to pay the Rentals, which decision of the Legislature could be affected by many factors, including the continuing need of the State for the Facilities, and (d) the value of the Mortgaged Facilities if relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination or expiration of the Lease if the Legislature does not appropriate sufficient funds to extend the term of the Lease as provided therein.

No Reserve Fund for the 1999A Bonds

No debt service reserve fund has been established to secure any of the 1999A Bonds issued under the Indenture.

Expiration or Termination of the Lease

In the event that the Legislature does not extend the term of the Lease in any year by failing to appropriate sufficient funds to pay Rentals due thereunder, the State's obligation to pay Rentals under the Lease will terminate on the June 30 occurring at the end of the then–current Renewal Term. Upon (a) the expiration of any Renewal Term of the Lease during which an Event of Non-appropriation occurs or (b) an Event of Default under the Lease and an election by the Trustee to terminate the possessory interest of the State under the Lease, the State's right of possession of the Facilities under the Lease will expire or be terminated, as appropriate.

Certain of the Facilities financed under the Indenture are now under construction. If the possessory interest of the State under the Lease were to be terminated by reason of an Event of Non-appropriation or an Event of Default under the Indenture or otherwise pursuant to the Building Ownership Act and the Lease prior to the acquisition and construction of these Facilities, the payment of principal of, premium, if any, and interest on the 1999A Bonds would depend, in part, on the ability of the Trustee to liquidate, relet or sell one or more partially constructed Mortgaged Facilities. See "APPENDIX A—BASIC DOCUMENTATION–THE INDENTURE–Events Of Default And Remedies" below.

Possible Difficulties in Selling or Re–letting the Facilities

In the event that the State's right of possession of the Facilities under the Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the State to pay Rentals under the Lease will continue through the then–current Renewal Term, but not thereafter, and the 1999A Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the State of the Rentals which are due through the then–current Renewal Term. As set forth in the Building Ownership Act and the Lease, if the State fails to pay any rentals due to the Authority under the terms of the Lease, the State shall immediately quit and vacate the Facilities, and the rental or lease obligation under the Lease shall then cease. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term, or if an event occurs pursuant to which the Trustee terminates the State's right of possession of the Facilities under the Lease, the Trustee may recover and relet or sell the affected Mortgaged Facilities as provided in the Indenture.

The Mortgaged Facilities constitute facilities to be used in connection with the operation of certain divisions of State government and institutions of higher education and may not be readily usable by other types of tenants. See "THE FACILITIES" below. Moreover some of the Mortgaged Facilities are subject to mortgages securing other bonds, and there may be conflicting claims to the value of these Facilities. No assurance can be given that the Trustee could relet or sell the Mortgaged Facilities for the amount necessary to pay the principal of and the interest due on the 1999A Bonds. The net proceeds of any reletting or sale of the Mortgaged Facilities, together with certain other moneys then held by the Trustee under the Indenture, if any, are required to be used to pay the 1999A Bonds to the extent of such moneys. No assurance can be made as to the amount of funds available from any such source for the payment of the aggregate principal amount of the 1999A Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Facilities will be available to provide for the payment of the 1999A Bonds on a timely basis.

Delays in Exercising Remedies; Limitations on Enforceability

The enforceability of the Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by state or Federal courts and the exercise by the United States of America of the powers delegated to it by the Federal Constitution. Because of the unique uses to which the Mortgaged Facilities may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure of the ability of the Trustee to obtain possession of or to foreclose the lien on the Mortgaged Facilities, of necessity, will result in delays in any payment of principal of or interest on the 1999A Bonds.

Acquisition and Construction of the Facilities

The design, acquisition, construction, and equipping of certain Facilities have commenced and are expected to be completed within the next two years. See "THE FACILITIES—The Facilities" below.

The Authority and the State believe, but there can be no assurance, that the proceeds of sale of the 1999A Bonds and the Prior Parity Bonds, together with certain investment earnings thereon and other sources of construction funds described in "THE FACILITIES—The Facilities" below, will be sufficient to complete the acquisition, construction and equipping of certain Facilities which are yet to be completed. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Lease, to complete the acquisition, construction and equipping of those certain Facilities from legally available funds, but only in connection with the issuance of Additional Bonds (as defined hereinbelow) issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for the purpose of completing the Facilities or of making additions or improvements to the Facilities or of acquiring or constructing Additional Facilities (as that term is defined in the Lease), subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under applicable law or that the Legislature will agree to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the 1999A Bonds previously issued, including the 1999A Bonds and the Prior Parity Bonds. See "THE 1999A BONDS—Security And Sources Of Payment For The 1999A Bonds—Additional Bonds; Refunding Bonds" below and "APPENDIX A—BASIC DOCUMENTATION–THE INDENTURE–The 1999A Bonds–Additional Bonds" below.

Destruction of the Facilities

The Lease requires the Facilities to be insured by policies of insurance (including casualty and property damage insurance) as described in "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Insurance" below. In the event of damage to or destruction of all or any part of the Facilities, the State is nevertheless required to continue to make payments under the Lease during the period for which the Legislature has appropriated moneys. In such event, the State will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild such Facilities or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Facilities, the State may terminate its obligations under the Lease with respect to such Facilities and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the applicable Series of Bonds in whole or that the Trustee will be able to realize any additional funds from such Facilities at that time. See "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Damage Or Destruction; Condemnation" below.

Depreciation and Lack of Residual Value

Certain components of the Facilities that have relatively short useful lives may depreciate in value during the time that the 1999A Bonds are outstanding. In addition, various components of the Facilities may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Lease or the termination of the Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority's interest in the Mortgaged Facilities may be insufficient to pay all outstanding Bonds in full.

Tax–Exempt Status; Continuing Compliance with Certain Covenants

Failure by the Authority or the State and other applicable departments and divisions of the State to comply with certain covenants in the Indenture and the Lease on a continuous basis, so long as any of the 1999A Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 1999A Bonds becoming includible in Federal gross income of the Owners thereof, retroactive to the date of their original issuance. See "LEGAL MATTERS—Tax Exemption" below. The Indenture and the 1999A Bonds do not provide for payment of any additional interest or penalty in the event that interest on the 1999A Bonds becomes includible in Federal gross income.

Other Factors Regarding the Facilities

The ownership or operation of the Facilities creates a potential for environmental liability on the part of both the owner or operator of the Facilities as well as any party secured by mortgages, deeds of trust or other encumbrances, such as the Mortgages. If hazardous substances are discovered at the Facilities' sites or discovered to be emanating from the Facilities' sites, the State and the Authority may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could be for an amount far in excess of the value of the Facilities. In the event that the Trustee obtains title to the Authority's interest in the Mortgaged Facilities sites by foreclosure and actually participates in the management of the property prior to such foreclosure or fails to seek to sell, re–lease or otherwise divest itself of the property at the earliest practicable, commercially reasonable time after such foreclosure, a court could hold the Trustee liable for such costs and expenses, even if the Trustee had no knowledge of the existence of such hazardous substances. The existence of such hazardous substances could hinder the Trustee in exercising certain of its remedies or rights under the Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Authority has agreed and represented in the Lease that is has carried on, and will carry on, the business and operations at the Facilities in a manner that complies in all respects, and will remain in compliance, with all applicable Federal, state, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment.

Changes in State Government

The obligation of the State to make payments under the Lease is subject to annual appropriation by the Legislature, which consists of the Utah Senate (the "Senate") and the Utah House of Representatives (the "House"), based upon a budget initially presented to the Legislature by the Governor, and which appropriation bill is signed by the Governor. The members of the Legislature and the Governor are elected officials. Members of the Senate and the Governor serve four–year terms while members of the House serve two–year terms. Members of the Senate and House, and the Governor may serve for 12 consecutive years. As of the date of this OFFICIAL STATEMENT, the Governor and his administration support the construction and continued operation of the Facilities. However, the individuals elected to serve as Governor and as members of the Legislature will change during the period when the 1999A Bonds are outstanding. There can be no assurance that the membership of the Legislature or the person elected Governor will not change in a manner that will result in a future Legislature or Governor taking a position contrary to the continued appropriation of payments under the Lease for the Facilities.

The State has agreed in the Lease to (a) request in its budget request all moneys that are necessary to fulfill the State's obligations under the Lease for each successive Renewal Term and (b) seek an appropriation of such funds in a timely fashion so as to allow the State to pay its obligations under the Lease when due. The decision to renew or not to renew the term of the Lease is to be made solely by the Legislature at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the State, acting in his or her individual capacity.

Continuing Disclosure Undertaking

The State will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the Owners of the 1999A Bonds whereby the Authority shall cause the State to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, including termination, amendment and remedies, are described in the proposed form of undertaking in "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING" below.

The State has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the State to comply with the Undertaking will not constitute a default under the Indenture and Owners of the 1999A Bonds are limited to the remedies described in the Undertaking. See "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING—Consequences Of Failure To Comply With This Agreement" below. A failure by the Authority or the State to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 1999A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 1999A Bonds and their market price.

See "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING," herein, for a copy of the proposed form of Undertaking.

Basic Documentation

The "basic documentation," which includes the Indenture, the Lease, the closing documents for the 1999A Bonds, and other documentation with respect to the 1999A Bonds and which establishes the rights and responsibilities of the State, the Authority, the Division, the Trustee and investors, may be obtained from the persons indicated below under the heading "Contact Persons." See "APPENDIX A—BASIC DOCUMENTATION" herein.

Contact Persons

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Authority and the Division concerning the 1999A Bonds is:

Alyn C. Lunceford, Real Property and Debt Manager
aluncefo@dfcm.state.ut.us
Division of Facilities Construction and Management
4110 State Office Building
Salt Lake City, UT 84114
801.538.3799—Fax 801.538.3267

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the 1999A Bonds is:

Edward T. Alter, Utah State Treasurer
stmain.ealter@state.ut.us
State Capitol Building, Rm 215
Salt Lake City, UT 84114
801.538.1042—Fax 801.538.1465

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to the Financial Advisor:

D. Kent Michie, Vice President, kent@zionsbankpf.com
Carl F. Empey, Vice President, carl@zionsbankpf.com
Eric John Pehrson, Vice President, eric@zionsbankpf.com
Zions Bank Public Finance
215 S State St, Ste 700
Salt Lake City, UT 84111–2336
801.524.2100—Fax 801.524.2109

Public Sale/Electronic Bid

The 1999A Bonds were awarded pursuant to electronic competitive bidding held via the Bloomberg Terminal service on Wednesday, August 4, 1999 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated July 1, 1999) to First Security Van Kasper, Salt Lake City, Utah, as Senior Manager; with Prudential Securities Inc., Los Angeles, California, as Co–Manager; and other members of a syndicate; at a "true interest rate" of 5.40%.

CREDIT ENHANCEMENT

Bond Insurance Policy

Concurrently with the issuance of the 1999A Bonds, FINANCIAL SECURITY ASSURANCE INC. ("Financial Security" or "FSA") will issue its Municipal Bond Insurance Policy for the 1999A Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 1999A Bonds when due as set forth in the form of the Policy included as APPENDIX F to this OFFICIAL STATEMENT.

The Policy is not covered any insurance security or guaranty fund established under New York, California, Connecticut or Florida law.

Financial Security Assurance Inc.

FSA is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is a New York Stock Exchange listed company whose major shareholders include White Mountains Insurance Group, Inc., XL Capital Ltd., The Tokio Marine and Fire Insurance Co., Ltd. and MediaOne Capital Corporation. The shareholders of Holdings are not liable for the obligations of Financial Security.

At June 30, 1999, FSA's total policyholders' surplus and contingency reserves were approximately $1,107,636,000 and its total unearned premium reserve was approximately $621,693,000 in accordance with statutory accounting principles. At June 30, 1999, FSA's total shareholders' equity was approximately $1,137,952,000 and its total net unearned premium reserve was approximately $520,986,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this OFFICIAL STATEMENT until the termination of the offering of the 1999A Bonds. Copies of such materials incorporated by reference will be provided upon request to FSA: 350 Park Ave, New York, NY 10022, Attention: Communications Department (telephone 212.826.0100).

The Policy does not protect investors against changes in market value of the 1999A Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. FSA makes no representation regarding the 1999A Bonds or the advisability of investing in the 1999A Bonds. FSA makes no representation regarding the OFFICIAL STATEMENT, nor has it participated in the preparation thereof, except that FSA has provided to the Authority the information presented under this caption for inclusion in the OFFICIAL STATEMENT.

Information regarding FSA Year 2000 compliance program is available at FSA's internet site at http://www.fsa.com/Y2K.

See "MISCELLANEOUS—Bond Ratings" and "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY" below.

THE 1999A BONDS

General

The 1999A Bonds will be dated August 1, 1999 and will mature on May 15 of the years and in the amounts as set forth on the cover page of this OFFICIAL STATEMENT.

The 1999A Bonds shall bear interest from their date at the rates set forth on the cover page of this OFFICIAL STATEMENT. Interest on the 1999A Bonds is payable semiannually on each May 15 and November 15 commencing May 15, 2000, and interest on the 1999A Bonds shall be computed on the basis of a 360–day year of twelve 30–day months. First Security Bank, National Association, Salt Lake City, Utah is the Registrar, Paying Agent and Trustee with respect to the 1999A Bonds (in such respective capacities, the "Registrar," "Paying Agent" and "Trustee").

The 1999A Bonds will be issued as fully registered bonds, initially in book–entry form, in the denomination of $5,000 or any natural multiple thereof, not exceeding the amount of each maturity.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 1999A Bonds (exclusive of any accrued interest upon the delivery thereof) are estimated to be applied as set forth below:

Sources of Funds:	
Par Amount of the 1999A Bonds	$9,455,000.00
Original issue premium	84,940.60
Total	$9,539,940.60
Uses of Funds:	
Deposit in Construction Fund	$8,511,988.71
Capitalized Interest Fund	768,937.10
Costs of Issuance (1)	173,919.79
Underwriter's discount	85,095.00
Totals	$9,539,940.60

(1) Costs of issuance include rating fees, legal fees, municipal bond insurance premium, financial advisor fees, printing, other miscellaneous expenses and rounding amount.

Security And Sources Of Payment For The 1999A Bonds

The Lease and the Indenture

The 1999A Bonds are payable from amounts due under the Lease and certain other moneys as provided in the Indenture. The Initial Term of the Lease commenced as of September 1, 1994, and expired on June 30, 1995. The State has exercised its option to extend the term of the Lease and is currently in the fifth Renewal Term, which term will expire June 30, 2000, subject to the further exercise by the State, in its sole discretion, of its option to extend the term of the Lease for consecutive additional one–year Renewal Terms commencing July 1 of each of the years 2000 through 2019, and a final Renewal Term commencing July 1, 2020, and ending May 16, 2021, unless terminated earlier. The 1999A Bonds are being issued during the fifth Renewal Term of the Lease. For circumstances under which the Lease may be terminated, see "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Term Of The Lease" below.

The Authority, as lessor under the Lease and pursuant to the Indenture, will assign to the Trustee its rights to receive Base Rentals under the Lease, for the benefit of the Owners of the 1999A Bonds. In addition, the Authority has granted or will grant a mortgage and security interest in all of its right, title and interest in and to the Mortgaged Facilities. See "APPENDIX A—BASIC DOCUMENTATION–THE INDENTURE" below.

Pursuant to the provisions of the Lease, the State may, in its sole discretion, purchase all or a portion of the Facilities (other than the U of U 1998B Facilities) by payment of the applicable Option Price as defined in the Lease. Neither the Division, the State, nor the Legislature may be compelled to exercise the purchase option provided in the Lease. See "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Lessee's Options To Purchase The Leased Property" below.

The continuation of the term of the Lease and the obligation of the State to pay Base Rentals after June 30, 2000, are subject to the appropriation by the Legislature of sufficient funds to extend the term of the Lease for each succeeding Renewal Term. Neither the Lease nor the 1999A Bonds constitute a general obligation or indebtedness of the State or any political subdivision thereof, or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the State nor any agency, department or division of the State has pledged its credit to the payment of the Lease or the 1999A Bonds, and neither the State, nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Lease or the 1999A Bonds. The Authority does not have any taxing power. See "INTRODUCTION—Risks Inherent In The Ownership Of The 1999A Bonds" above.

So long as the Lease does not expire on June 30, 2000 by its terms, and thereafter in the event the Legislature appropriates sufficient funds to extend the term of the Lease for each successive Renewal Term, the State is required by the provisions of the Lease to pay semiannually to the Trustee specified Base Rentals for the Facilities which are sufficient, in both time and amount, to pay, when due, the principal of and interest on the 1999A Bonds.

The State has covenanted in the Lease to cause to be included in its annual tentative budget submitted to the Governor of the State a request for appropriation, in accordance with applicable law, of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably anticipated Additional Rentals under the Lease for the Facilities during the next succeeding Renewal Term. See "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Rentals Payable–Covenant to Request Appropriations" below.

The Governor's Office of Planning and Budget reports that the budget adopted by the Legislature at its 1999 general session included an appropriation of funds sufficient to pay Base Rentals and Additional Rentals due under the Lease during the fiscal year of the State commencing July 1, 1999, thereby extending the term of the Lease for the next Renewal Term.

If the amounts otherwise legally available to be paid by the State to the Authority under the Lease are insufficient to pay the principal of and interest on the 1999A Bonds as and when due, as provided in the Building Ownership Act, the Governor of the State may request the Legislature to appropriate additional funds for the payment of amounts due thereunder. The State covenants to request that the Governor include in the budget submitted to the Legislature a request or requests for appropriation as and when necessary to assure full and timely payments on the 1999A Bonds; *provided, however,* that nothing in the Lease shall be construed as requiring the Governor to make such a request or the Legislature to appropriate such amounts.

In the event that the Legislature does not budget and appropriate sufficient funds prior to June 1 next preceding the beginning of any Renewal Term for the payment of (i) the Base Rentals becoming due during such Renewal Term, and (ii) reasonably estimated Additional Rentals payable during such Renewal Term with respect to the Lease, then an Event of Nonappropriation shall be deemed to have occurred pursuant to the Lease, and the State shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the State's obligation to pay Rentals that are payable prior to the termination of the Lease; provided, however, that the State shall continue to be liable for the amounts payable pursuant to the Lease during such time when the State continues to use, occupy and operate the property leased pursuant to the Lease. In accordance with the Indenture, once the State has elected to continue a Lease for a new Renewal Term by the Legislature budgeting and appropriating sufficient moneys to pay Base Rentals and Additional Rentals as provided in the Lease, the State shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. *Pursuant to the provisions of the Building Ownership Act, if the State fails to pay any Rentals due to the Authority under the terms of the Lease, the State shall immediately quit and vacate the Facilities.* The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Mortgaged Facilities as trustee for the benefit of the Owners of the 1999A Bonds as provided in the Lease and the Indenture and shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture (except the Rebate Fund), less any moneys then due and owing to the Trustee for services performed as trustee thereunder. However, due to the nature of the Mortgaged Facilities, it is unlikely that revenues from such remedies and sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should such a shortfall occur, the then outstanding Bonds would be paid on a pro rata basis as provided in the Indenture. See "INTRODUCTION—Risks Inherent In The Ownership Of The 1999A Bonds" above.

Proposed Amendments to the Indenture and the Lease

In connection with the issuance of the 1998A Bonds, the Authority entered into a Fifth Supplemental Indenture of Trust and a Fifth Amendment to the Lease which contain certain prospective amendments to the Indenture and the Lease. The effectiveness of the amendments is conditioned upon the receipt of written consents executed by the Owners of at least 66.67% in aggregate principal amount of the 1999A Bonds outstanding under the Indenture. The underwriters of the 1998A Bonds, the 1998B Bonds and the 1998C Bonds consented to these amendments (as the initial owners of these bonds) and the successful bidder(s) will be expected to consent to these amendments as the initial owners of the 1999A Bonds which will, when issued, together with the 1998A Bonds, the 1998B Bonds and the 1998C Bonds, constitute approximately 69.39% of the aggregate principal amount of Bonds outstanding under the Indenture. Subsequent Owners of the 1999A Bonds will be bound by such consent and shall be deemed to have consented to these amendments by virtue of their purchase of the 1999A Bonds. The purchasers of such Additional Bonds shall be deemed to have consented to the amendments by virtue of their purchase of such Additional Bonds.

The amendments are explained in more detail in "APPENDIX A—BASIC DOCUMENTATION–PROPOSED AMENDMENTS TO THE INDENTURE AND THE LEASE" below.

Insurance on the Facilities

The Facilities are required to be insured by the State to the extent described in "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Insurance Provisions" below. All Net Proceeds of performance bonds, proceeds (including any moneys derived from any self–insurance program) from policies of insurance required by the Lease or condemnation awards which are received by the Trustee will be deposited into a separate trust fund under the Indenture. Such Net Proceeds will be used either (a) to repair, restore, modify or improve the applicable Facilities or (b) to redeem or defease the related Bonds, as more fully described in "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Damage Or Destruction; Condemnation" below.

No Reserve Fund for the 1999A Bonds

The Authority has not and will not create a debt service reserve fund for any Bonds issued under the Indenture.

Additional Bonds; Refunding Bonds

Additional Bonds may be issued pursuant to the Indenture on a parity with the 1999A Bonds and the Prior Parity Bonds upon the terms and conditions of the Indenture for the purpose of providing funds to pay one or more of the following: (i) the costs of completing the acquisition and construction of any of the Facilities financed under the Indenture; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes (hereinafter in this paragraph collectively called the "improvements") in, on or to the Facilities as the State may deem necessary or desirable and as will not impair the excludability from gross income for federal income tax purposes of interest on the 1999A Bonds or reduce the fair rental value of the Facilities, including any repairing, restoring, modifying, improving or replacing pursuant to the Lease to the extent that such costs exceed the insurance or condemnation proceeds out of which such costs are to be paid pursuant to the Lease; (iii) the costs of Acquiring or Constructing any Additional Facilities for the use and benefit of the State and any State Bodies, but only to the extent that (A) the inclusion of such Additional Facilities as part of the Facilities will not, in the opinion of Bond Counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on the 1999A Bonds then outstanding and (B) the Lease is amended to include such Additional Facilities thereunder; (iv) to refund a Series of Bonds; (v) the costs of the issuance and sale of the Additional Bonds; (vi) interest during the estimated period of Acquisition and Construction of such Additional Facilities and for a period of up to 12 months thereafter; and (vii) any combination of such purposes. Any such Additional Facilities shall become a part of the Facilities and shall be included under the Lease to the same extent as if originally included thereunder. All Additional Bonds will be secured by the lien of the Indenture pursuant to which such bonds are issued and will rank *pari passu* with Prior Parity Bonds issued and all further Additional Bonds that may be issued under the Indenture, will be in such form, will bear such date or dates, bear such interest rate or rates, will have such maturity date or dates, redemption dates and redemption premiums, and will be issued at such prices as provided in the Supplemental Indenture authorizing the same and in accordance with the provisions of the Indenture.

Redemption Provisions For The 1999A Bonds

Optional Redemption. The 1999A Bonds maturing on or before May 15, 2009, are not subject to redemption prior to maturity, except that, the 1999A Bonds are subject to extraordinary optional redemption in the event of damage to, or destruction or condemnation of the 1999A Facilities.

The 1999A Bonds maturing on or after May 15, 2010, are subject to redemption (i) in whole on any business day on or after November 15, 2009, in the event that the State exercises its option pursuant to the Lease to purchase all the Leased Property (other than State–Owned Sites) thereunder or (ii) in part on November 15, 2009, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional Base Rentals pursuant to the Lease or purchases a portion of the Leased Property representing the 1999A Facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as provided in this paragraph, the 1999A Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 1999A Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1999A Bonds maturing on May 15, 2021, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine to be fair and equitable, on May 15 of each year described below, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2015	$ 550,000
May 15, 2016	580,000
May 15, 2017	615,000
May 15, 2018	640,000
May 15, 2019	680,000
May 15, 2020	720,000
May 15, 2021 (Stated Maturity)	550,000
Total	$4,335,000

Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation. The 1999A Bonds shall be subject to redemption prior to maturity in whole or in part from time to time, from such maturities or portions thereof designated by the State in its notice described below, on such date or dates as the Trustee shall determine as hereinafter described, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date (to the extent that funds are available for such purpose as described herein), but without premium, in the event that (i) any of the Facilities are damaged or destroyed, in whole or in part, or the Leased Property or any portion thereof financed with the 1999A Bonds is taken in a condemnation proceeding, or certain events occur with respect to the title to such Leased Property or construction defects in any of the Facilities financed with the 1999A Bonds as described in the Lease, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Project Contract (excluding liquidated damages), plus all amounts required to be paid as deductibles thereunder, made available by reason of one or more such occurrences, and any other legally available moneys, shall be insufficient to pay in full the cost of rebuilding, replacing or repairing Leased Property financed with the 1999A Bonds and (iii) the State elects, pursuant to the Lease, to waive its obligation to rebuild, repair or replace the affected portion of such Leased Property by depositing such Net Proceeds into the Redemption Fund for application to the redemption of the then Outstanding 1999A Bonds in accordance with the Lease and provides written notice of such election to the Trustee and the Authority. If 1999A Bonds are called for redemption pursuant to this extraordinary optional redemption, the 1999A Bonds to be redeemed shall be redeemed on such date or dates as the Trustee may determine to be in the best interests of the Owners of the 1999A Bonds.

On such redemption date or dates determined as provided in the Indenture, the Trustee shall transfer all moneys into the Redemption Fund in accordance with the provisions of the Indenture to be used by the Trustee to redeem the 1999A Bonds on such redemption date or dates to the extent necessary after giving effect to all moneys transferred to the Redemption Fund. The Trustee shall credit automatically against the State's obligation under the Lease an amount equal to the amount in the Redemption Fund.

Notice of Redemption. Notice of the call for any redemption, identifying and stating, among other things, the 1999A Bonds or portions thereof to be redeemed, the redemption date and price, and that the interest on such Bonds will cease to accrue from and after the redemption date, shall be given by the Trustee, upon being satisfactorily indemnified as to expenses, by mailing a redemption notice at least 30 but not more than 60 days prior to the date fixed for redemption to the registered Owner of each 1999A Bond to be redeemed in whole or in part at the address shown on the registration books; *provided, however,* that failure to give such notice by mailing, or any defect therein with respect to any 1999A Bond, shall not affect the validity of any proceedings for the redemption of any other 1999A Bonds. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the registered Owner receives the notice.

In addition to the foregoing notice, certain further notice of any redemption of 1999A Bonds shall be given by the Trustee as provided in the Indenture. Any defect in such further notice or failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

On or prior to the date fixed for any redemption of 1999A Bonds, the moneys required for such redemption shall be deposited with the Trustee by the State in accordance with the Lease. The principal of the 1999A Bonds called for redemption shall cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the 1999A Bonds called for redemption, which moneys are or will be available for redemption of 1999A Bonds, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Redemption Payments. All moneys to be used for redemption of 1999A Bonds (other than mandatory sinking fund redemptions, if any) shall be deposited in the Redemption Fund established under the Indenture. Said moneys shall be set aside in the Redemption Fund solely for the purpose of redeeming the principal of the 1999A Bonds in advance of their scheduled maturity date, except as may otherwise be required by any Tax Certificate (as defined in "APPENDIX A—BASIC DOCUMENTATION–DEFINITIONS OF CERTAIN TERMS" below), and shall be applied on or after the Bond Payment Date or other date designated for redemption to the payment of the principal of, and premium, if any, and interest on, the 1999A Bonds to be redeemed, upon presentation and surrender of such 1999A Bonds.

Partial Redemption of 1999A Bonds. In the case of a partial redemption of 1999A Bonds when 1999A Bonds of denominations greater than $5,000 are then Outstanding, then for all purposes in connection with such partial redemption, each $5,000 of face value shall be treated as though it were a separate 1999A Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any 1999A Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units (given by the Trustee), the Owner of such 1999A Bond shall forthwith surrender such 1999A Bond to the Trustee (a) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and (b) for exchange, without charge to the Owner thereof, for a new 1999A Bond or 1999A Bonds of the same Series, designation, maturity and interest rate and in any of the authorized denominations, at the option of the Owner thereof, of the aggregate principal amount of the unpaid balance of the principal amount of the 1999A Bond to be so redeemed. If the Owner of any such 1999A Bond of a denomination greater than $5,000 shall fail to present such 1999A Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 1999A Bond to be redeemed shall, nevertheless, become due and payable on the redemption date to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such 1999A Bond to be redeemed represented by such $5,000 unit or units of face value on and after the redemption date and (funds sufficient for the payment of the redemption price having been deposited with the Trustee and being available for the redemption of said unit or units on the redemption date) such 1999A Bond shall not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon after the redemption date) represented by such $5,000 unit or units of face value nor shall new 1999A Bonds be thereafter issued corresponding to said unit or units. 1999A Bonds shall be redeemed only in the principal amount of $5,000 each or any natural multiple thereof.

With respect to any partial redemption of 1999A Bonds of less than all of a particular maturity of 1999A Bonds, the particular 1999A Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

Debt Service On The 1999A Bonds

The Lease requires semi–annual Base Rental payments to be made by the State to the Authority *(fifteen days prior to the actual principal and interest payment dates of May 15 and November 15)*, which Base Rentals have been assigned to the Trustee pursuant to the Indenture.

The following table, showing the scheduled debt service on the 1999A Bonds through Base Rental Payments, was prepared by the State.

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Debt Service Through Base Rental Payment Schedule

Due Date (Base Rental Payment)	The 1999A Bonds Principal	Interest	Period Total	Fiscal Total
May 1, 2000	$ 0.00	$ 400,351.25	$ 400,351.25	$400,351.25
November 1, 2000	0.00	253,743.75	253,743.75	
May 1, 2001	55,000.00	253,743.75	308,743.75	562,487.50
November 1, 2001	0.00	252,300.00	252,300.00	
May 1, 2002	265,000.00	252,300.00	517,300.00	769,600.00
November 1, 2002	0.00	245,343.75	245,343.75	
May 1, 2003	300,000.00	245,343.75	545,343.75	790,687.50
November 1, 2003	0.00	237,468.75	237,468.75	
May 1, 2004	310,000.00	237,468.75	547,468.75	784,937.50
November 1, 2004	0.00	229,331.25	229,331.25	
May 1, 2005	330,000.00	229,331.25	559,331.25	788,662.50
November 1, 2005	0.00	220,668.75	220,668.75	
May 1, 2006	345,000.00	220,668.75	565,668.75	786,337.50
November 1, 2006	0.00	211,612.50	211,612.50	
May 1, 2007	365,000.00	211,612.50	576,612.50	788,225.00
November 1, 2007	0.00	202,031.25	202,031.25	
May 1, 2008	380,000.00	202,031.25	582,031.25	784,062.50
November 1, 2008	0.00	192,056.25	192,056.25	
May 1, 2009	405,000.00	192,056.25	597,056.25	789,112.50
November 1, 2009	0.00	181,425.00	181,425.00	
May 1, 2010	425,000.00	181,425.00	606,425.00	787,850.00
November 1, 2010	0.00	170,268.75	170,268.75	
May 1, 2011	450,000.00	170,268.75	620,268.75	790,537.50
November 1, 2011	0.00	158,456.25	158,456.25	
May 1, 2012	470,000.00	158,456.25	628,456.25	786,912.50
November 1, 2012	0.00	146,118.75	146,118.75	
May 1, 2013	495,000.00	146,118.75	641,118.75	787,237.50
November 1, 2013	0.00	133,125.00	133,125.00	
May 1, 2014	525,000.00	133,125.00	658,125.00	791,250.00
November 1, 2014	0.00	119,212.50	119,212.50	
May 1, 2015	550,000.00 (t)	119,212.50	669,212.50	788,425.00
November 1, 2015	0.00	104,087.50	104,087.50	
May 1, 2016	580,000.00 (t)	104,087.50	684,087.50	788,175.00
November 1, 2016	0.00	88,137.50	88,137.50	
May 1, 2017	615,000.00 (t)	88,137.50	703,137.50	791,275.00
November 1, 2017	0.00	71,225.00	71,225.00	
May 1, 2018	640,000.00 (t)	71,225.00	711,225.00	782,450.00
November 1, 2018	0.00	53,625.00	53,625.00	
May 1, 2019	680,000.00 (t)	53,625.00	733,625.00	787,250.00
November 1, 2019	0.00	34,925.00	34,925.00	
May 1, 2020	720,000.00 (t)	34,925.00	754,925.00	789,850.00
November 1, 2020	0.00	15,125.00	15,125.00	
May 1, 2021	550,000.00 (t)	15,125.00	565,125.00	580,250.00
Totals	$9,455,000.00	$7,040,926.25	$16,495,926.25	

(t) Mandatory sinking fund principal payments from a $4,335,000 5.50% term bond due May 15, 2021.

See “STATE BUILDING OWNERSHIP AUTHORITY—Debt Issuance” below.

Book–Entry Only System

DTC will act as securities depository for the 1999A Bonds. The 1999A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 1999A Bond certificate will be issued for each maturity of the 1999A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX G—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

Manner Of Payment, Registration, Transfer And Exchange

The Trustee will keep or cause to be kept sufficient books for the registration, exchange and transfer of the 1999A Bonds (the "Register"). In all cases in which the privilege of exchanging or transferring the 1999A Bonds is exercised while the book–entry system is in effect, or in the event that the book–entry system is discontinued and 1999A Bonds are transferred or exchanged, the Authority shall execute, and the Trustee shall authenticate, register and deliver, 1999A Bonds in accordance with the provisions of the Indenture. In such cases, any 1999A Bond may, in accordance with its terms, be transferred upon the Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such registered 1999A Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Similarly, 1999A Bonds may be exchanged in such instances at the principal corporate trust office of the Trustee for a like principal amount of 1999A Bonds of other authorized denominations. The Trustee will require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange, and the Trustee may in addition require the payment of a reasonable sum to cover expenses incurred by the Authority or the Trustee in connection with such transfer or exchange.

Neither the Authority nor the Trustee shall be required to issue, register the transfer of or exchange any 1999A Bond (i) during the period from the Regular Record Date or the Special Record Date, whichever the case may be, for a Bond Interest Payment Date or special interest payment date to such interest payment date, and (ii) during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of 1999A Bonds selected for redemption under the Indenture and ending at the close of business on the day of such mailing. Neither the Authority nor the Trustee shall be required to register the transfer or exchange of any 1999A Bond selected for redemption in whole or in part, except for the unredeemed portion of such 1999A Bond.

STATE BUILDING OWNERSHIP AUTHORITY

Establishment And Statutory Powers

The Authority was created in 1979 as a body politic and corporate of the State. The Building Ownership Act states that the Legislature has found and declared that the policy of the State is to provide office space and related facilities for state bodies in the most efficient and economical way possible, that many State bodies have inadequate office space and related facilities, that the State is renting space for state bodies from private owners with funds which could more efficiently and economically be put to use toward the acquisition of facilities by the State, and the Authority is established to finance, own, lease, operate or encumber such facilities to meet the needs of the State.

The Authority is empowered, among other things, to issue its bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State bodies at rentals which in the aggregate will be sufficient to pay the principal of and interest on the 1999A Bonds as they become due and to maintain, operate and insure the facilities. The necessary prior approval of the Legislature for the issuance of bonds is given by specific acts, which acts are passed upon during a General Session of the Legislature.

The Authority is also empowered, among other things, to: a) contract with others for needed services; b) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority; and c) exercise the power of eminent domain.

Organization

The Authority is comprised of seven members appointed by the Governor with the consent of the State Senate. The current members are as follows:

Office	Person
Chairman	David Adams
Vice Chairman	Keith Stepan
Member/Secretary	Kay Waxman
Member	Chuck Canfield
Member	Mary Flood
Member	R. Haze Hunter
Member	Joseph Jenkins
Member (non–voting)	Lynne N. Ward

The Authority is located within the Department of Administrative Services for administrative purposes and receives staff support and all necessary information and resources from the Department as required. The State's Attorney General and State Auditor provide legal and accounting and auditing services, respectively, required by the Authority, without reimbursement. The Building Ownership Act directs the State Building Board to construct and maintain any facilities acquired or constructed under the Building Ownership Act. In view of the services provided by the entities noted above, the Authority has no staff.

Legal Borrowing Debt Capacity

The Authority may not issue any bonds or other obligations under the Building Ownership Act in an amount which would exceed the difference between the total indebtedness of the State and 1.5% of the value of the taxable property in the State. As of August 26, 1999 (the closing date for the 1999A Bonds) and after giving effect to the issuance of the 1999A Bonds, the maximum remaining borrowing capacity of the Authority is expected to be approximately $1,457,611,254. See "DEBT STRUCTURE OF THE STATE OF UTAH—Legal Borrowing Authority" below.

State Lease Rental Obligation Pledge

The enabling legislation for the Authority provides that, except as otherwise provided therein, bonds issued by the Authority thereunder shall be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if the rentals paid by a state body to the Authority are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that body for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. *Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Rental Obligation Bonds."*

Debt Issuance

Current Authority Bonds Outstanding. The 1999A Bonds of the Authority are the ninth series of bonds to be issued under the State Facilities Master Lease Program. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under this program, all Bonds are issued on a parity basis and are cross–collateralized by the Facilities subject to the lien of the Indenture and the Mortgages. *The 1999A Bonds are not classified as State Moral Obligation Bonds as defined in "DEBT STRUCTURE OF THE STATE OF UTAH—Revenue Bonds and Notes–Covenant Regarding Legislative Appropriations" below. However, such bonds are considered to be State Lease Rental Obligation Bonds.*

The other series of bonds issued by the Authority, as listed below under the caption "Issued Under Separate Stand Alone Legal Documents," are not issued on a parity basis with the 1999A Bonds or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. As of August 26, 1999 (the scheduled closing date of the 1999A Bonds), the Authority has outstanding the following bonds:

Issued (On A Parity Basis) Under The State Facilities Master Lease Program

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of Aug. 26, 1999
1999A (2)	Various purpose	$ 9,455,000	May 15, 2021	$ 9,455,000
1998C (3)	Refunding	105,100,000	May 15, 2019	105,100,000
1998A (3)	Various purpose (9)	25,710,000	May 15, 2020	25,460,000
1998B (3)	University of Utah	23,091,478	May 15, 2005	23,091,478
1997A (4)	DABC 1997A Facilities	4,150,000	May 15, 2018	4,085,000
1996B (5)	University of Utah	16,875,000	May 15, 2013	16,075,000
1996A (6)	Various purpose	44,725,000	May 15, 2007 (10)	13,485,000
1995A (7)	Various purpose	93,000,000	May 15, 2007 (10)	28,250,000
1994A (8)	Various purpose	30,915,000	May 15, 2005 (10)	10,040,000
Total State Facilities Master Lease Program Bonds				$235,041,478

(1) Unless as otherwise indicated, the Authority's bonds issued under the State Facilities Master Lease Program have an underlying rating of "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No rating was requested from Fitch, or any other rating agency.

(2) For purposes of this OFFICIAL STATEMENT, the 1999A Bonds will be considered issued and outstanding. The 1999A Bonds are rated "Aaa" (FSA Insured) by Moody's, and "AAA" (FSA Insured) by S&P, as of the date of this OFFICIAL STATEMENT.

(3) The Series 1998C Bonds, the Series 1998B Bonds and the Series 1998A Bonds are rated "Aaa" (FSA Insured) by Moody's, and "AAA" (FSA Insured) by S&P, as of the date of this OFFICIAL STATEMENT.

(4) The Series 1997A Bonds are rated "Aaa" (Ambac Assurance Insured) by Moody's and "AAA" (Ambac Assurance Insured) by S&P, as of the date of this OFFICIAL STATEMENT.

(5) The Series 1996B Bonds are rated "Aaa" (MBIA Insured) by Moody's and "AAA" (MBIA Insured) by S&P, as of the date of this OFFICIAL STATEMENT.

(6) Portions of this bond have been refunded by the Series 1998C Bonds.

(7) Portions of this bond have been refunded by the Series 1998C Bonds. The payment of the principal of and interest on the Series 1995A Bonds maturing on May 15, 2001, when due is insured by a municipal bond insurance policy issued by Ambac Assurance Corporation. These insured Series 1995A Bonds are rated "Aaa" (Ambac Assurance Insured) by Moody's, and "AAA" (Ambac Assurance Insured) by S&P, as of the date of this OFFICIAL STATEMENT. The Series 1995A Bonds maturing on May 15, 2000, and May 15, 2002 through 2007, inclusive, are not insured but are rated by Moody's and S&P.

(8) Portions of this bond have been refunded by the Series 1998C Bonds.

(9) A portion of this bond (in the amount of $10.4 million) is exempt from the Authority's borrowing capacity statutory limit.

(10) Final maturity date after portions of this bond were refunded by the Series 1998C Bonds.

Issued Under Separate Stand Alone Legal Documents

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of Aug. 26, 1999
1993A.....	Human Services Building	$6,230,000	January 1, 2013	$5,080,000
1993B.....	State Board of Education	8,160,000	January 1, 2014	6,780,000
1992A.....	Employment Secur. (ref.)	26,200,000	August 15, 2011	19,510,000
1992B.....	Youth Corrections	1,380,000	August 15, 2011	1,060,000
Total Authority's other bonds..				$32,430,000

(1) These outstanding lease revenue bonds of the Authority are rated "Aa2" by Moody's, and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No rating was requested from Fitch or any other rating agency.

Summary

Total State Facilities Master Lease Program Bonds outstanding.....................	$235,041,478
Total Authority's other bonds outstanding...	32,430,000
Total..	$267,471,478

(Source: Financial Advisor.)

Authorized Lease Revenue Bonds and Future Bonds Issuance. The Authority has approximately $2.51 million of authorized, un–sold lease revenue bonds. The Authority does not anticipate the issuance of additional lease revenue bonds during the Fiscal Year Ending June 30, 2000.

No Defaulted Authority Bonds Or Failures By The State To Renew Lease

As of the date of this OFFICIAL STATEMENT, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto. As of the date of this OFFICIAL STATEMENT, the State has never failed to renew an annually renewable lease.

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Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) (Fiscal Year)

Issued under the State Facilities Master Lease Program

Fiscal Year Ending June 30	Series 1999A $9,455,000 Principal	Series 1999A Interest	Series 1998C $105,100,000 Principal	Series 1998C Interest	Series 1998A $25,710,000 Principal	Series 1998A Interest	Series 1998B $23,091,478 Principal	Series 1998B Interest
2000............	$ 0	$ 400,351	$ 45,000	$ 5,747,370	$ 2,085,000	$ 1,234,665	$ 0	$ 0
2001............	55,000	507,488	45,000	5,745,660	2,175,000	1,140,840	0	0
2002............	265,000	504,600	50,000	5,743,905	2,265,000	1,042,965	0	0
2003............	300,000	490,688	50,000	5,741,930	2,370,000	941,040	0	0
2004............	310,000	474,938	50,000	5,739,930	2,485,000	822,540	0	0
2005............	330,000	458,663	55,000	5,737,930	2,615,000	698,290	23,091,478	8,493,522
2006............	345,000	441,338	1,120,000	5,735,675	705,000	567,540	–	–
2007............	365,000	423,225	1,170,000	5,688,635	735,000	536,520	–	–
2008............	380,000	404,063	7,715,000	5,638,325	775,000	503,445	–	–
2009............	405,000	384,113	8,130,000	5,214,000	805,000	468,570	–	–
2010............	425,000	362,850	8,575,000	4,766,850	840,000	431,540	–	–
2011............	450,000	340,538	9,065,000	4,295,225	885,000	392,060	–	–
2012............	470,000	316,913	8,995,000	3,796,650	920,000	349,580	–	–
2013............	495,000	292,238	9,490,000	3,301,925	970,000 (t9)	304,500	–	–
2014............	525,000	266,250	10,010,000	2,779,975	1,025,000 (t9)	253,575	–	–
2015............	550,000 (t11)	238,425	9,540,000	2,229,425	1,070,000 (t9)	199,763	–	–
2016............	580,000 (t11)	208,175	9,950,000 (t10)	1,704,725	1,130,000 (t9)	143,588	–	–
2017............	615,000 (t11)	176,275	9,835,000 (t10)	1,157,475	1,190,000 (t9)	84,263	–	–
2018............	640,000 (t11)	142,450	8,940,000 (t10)	616,550	135,000 (t9)	21,788	–	–
2019............	680,000 (t11)	107,250	2,270,000 (t10)	124,850	135,000 (t9)	14,700	–	–
2020............	720,000 (t11)	69,850	–	–	145,000 (t9)	7,613	–	–
2021............	550,000 (t11)	30,250	–	–	–	–	–	–
Totals...........	$ 9,455,000	$ 7,040,931	$ 105,100,000	$ 81,507,010	$ 25,460,000	$ 10,159,385	$ 23,091,478	$ 8,493,522

(t11) Mandatory sinking fund payments from a $4,335,000 5.50%, term bond due May 15, 2021.
(t10) Mandatory sinking fund payments from a $30,995,000 5.50%, term bond due May 15, 2019.
(t9) Mandatory sinking fund payments from a $5,800,000, 5.25%, term bond due May 15, 2020.

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) (Fiscal Year)—continued

Issued under the State Facilities Master Lease Program—continued

Fiscal Year Ending June 30	Series 1997A $4,150,000 Principal	Series 1997A Interest	Series 1996B $16,875,000 Principal	Series 1996B Interest	Series 1996A $44,725,000 Principal	Series 1996A Interest	Series 1995A $93,000,000 Principal	Series 1995A Interest	Series 1994A $30,915,000 Principal	Series 1994A Interest
2000............	$ 135,000	$ 199,273	$ 820,000	$ 829,340	$ 1,390,000	$ 741,675	$ 2,965,000	$ 1,450,928	$ 1,470,000	$ 538,646
2001............	140,000	193,063	860,000	788,340	1,470,000	665,225	3,125,000	1,298,972	1,540,000	463,676
2002............	145,000	186,623	900,000	745,340	1,540,000	584,375	3,275,000	1,138,816	1,620,000	383,596
2003............	155,000	179,953	945,000	700,340	1,630,000	499,675	3,450,000	970,972	1,710,000	297,736
2004............	160,000	172,823	995,000	653,090	1,720,000	410,025	3,575,000	794,160	1,805,000	205,396
2005............	170,000	165,463	1,040,000	603,340	1,820,000	315,425	3,760,000	610,942	1,895,000	106,120
2006............	180,000	157,643	1,095,000	551,340	1,905,000	215,325	3,945,000	418,242	0	0 (r)
2007............	190,000	149,363	1,150,000	496,590	2,010,000	110,550	4,155,000	216,060	0	0 (r)
2008............	195,000	140,623	1,205,000	439,090	0	0 (r)	0	0 (r)	0	0 (r)
2009............	205,000	131,458	1,270,000	377,635	0	0 (r)	0	0 (r)	0	0 (r)
2010............	215,000	121,618	1,335,000	311,595	0	0 (r)	0	0 (r)	0	0 (r)
2011............	230,000	111,298	1,410,000 (t7)	240,840	0	0 (r)	0	0 (r)	0	0 (r)
2012............	240,000	100,028	1,485,000 (t7)	164,700	0	0 (r)	0	0 (r)	0	0 (r)
2013............	250,000	88,028	1,565,000 (t7)	84,510	0	0 (r)	0	0 (r)	0	0 (r)
2014............	265,000	75,528	–	–	0	0 (r)	0	0 (r)	0	0 (r)
2015............	280,000 (t8)	62,013	–	–	0	0 (r)	0	0 (r)	0	0 (r)
2016............	295,000 (t8)	47,663	–	–	0	0 (r5)	0	0 (r)	0	0 (r)
2017............	310,000 (t8)	32,544	–	–	0	0 (r)	0	0 (r)	0	0 (r)
2018............	325,000 (t8)	16,656	–	–	0	0 (r)	0	0 (r4)	0	0 (r3)
2019............	–	–	–	–	0	0 (r6)	–	–	–	–
2020............	–	–	–	–	–	–	–	–	–	–
2021............	–	–	–	–	–	–	–	–	–	–
Totals..........	$ 4,085,000	$ 2,331,661	$ 16,075,000	$ 6,986,090	$ 13,485,000	$ 3,542,275	$ 28,250,000	$ 6,899,092	$ 10,040,000	$ 1,995,170

(t8) Mandatory sinking fund payments from a $1,210,000, 5.125%, term bond due May 15, 2018.
(t7) Mandatory sinking fund payments from a $4,460,000, 5.40%, term bond due May 15, 2013.
(r) Principal and interest have been refunded by the 1998C Bonds.
(r6) Principal and interest have been refunded by the 1998C Bonds ($7,960,000, 6.00%, term bond which was due May 15, 2019).
(r5) Principal and interest have been refunded by the 1998C Bonds ($5,140,000, 6.00%, term bond which was due May 15, 2016).
(r4) Principal and interest have been refunded by the 1998C Bonds ($18,555,000, 5.75%, term bond which was due May 15, 2018).
(r3) Principal and interest have been refunded by the 1998C Bonds ($3,425,000, 6.25%, term bond which was due May 15, 2018).

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) (Fiscal Year)–continued

Issued Under Stand Alone Legal Documents

Fiscal Year Ending June 30	Series 1993B; $8,160,000			Series 1993A; $6,230,000			Series 1992B; $1,380,000			Series 1992A; $26,200,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2000............	$ 315,000	$ 339,761	$ 654,761	$ 260,000	$ 253,315	$ 513,315	$ 60,000	$ 62,030	$ 122,030	$ 1,115,000	$ 1,131,093	$ 2,246,093
2001............	330,000	325,586	655,586	270,000	241,615	511,615	65,000	58,794	123,794	1,175,000	1,070,408	2,245,408
2002............	345,000	310,736	655,736	285,000	229,465	514,465	65,000	55,349	120,349	1,240,000	1,005,945	2,245,945
2003............	360,000	294,866	654,866	300,000	216,355	516,355	70,000	51,703	121,703	1,310,000	936,923	2,246,923
2004............	380,000	278,126	658,126	315,000	202,405	517,405	75,000	47,714	122,714	1,380,000	863,275	2,243,275
2005............	395,000	260,076	655,076	330,000	187,443	517,443	80,000	43,373	123,373	1,460,000	784,445	2,244,445
2006............	415,000	240,820	655,820	345,000	171,355	516,355	85,000	38,669	123,669	1,545,000	699,533	2,244,533
2007............	440,000	220,070	660,070	360,000	154,105	514,105	90,000	33,638	123,638	1,640,000	608,350	2,248,350
2008............	460,000	198,070	658,070	380,000	136,105	516,105	95,000	28,319	123,319	1,735,000	511,319	2,246,319
2009............	485,000	174,610	659,610	400,000	116,725	516,725	100,000	22,713	122,713	1,835,000	408,681	2,243,681
2010............	510,000	149,633	659,633	425,000	96,125	521,125	105,000	16,819	121,819	1,945,000	300,006	2,245,006
2011............	540,000 (t2)	123,113	663,113	445,000 (t1)	74,025	519,025	110,000	10,500	120,500	2,060,000	184,863	2,244,863
2012............	570,000 (t2)	94,763	664,763	470,000 (t1)	50,663	520,663	120,000	3,600	123,600	2,185,000	62,819	2,247,819
2013............	600,000 (t2)	64,838	664,838	495,000 (t1)	25,988	520,988	–	–	–	–	–	–
2014............	635,000 (t2)	33,338	668,338	–	–	–	–	–	–	–	–	–
2015............	–	–	–	–	–	–	–	–	–	–	–	–
2016............	–	–	–	–	–	–	–	–	–	–	–	–
2017............	–	–	–	–	–	–	–	–	–	–	–	–
2018............	–	–	–	–	–	–	–	–	–	–	–	–
2019............	–	–	–	–	–	–	–	–	–	–	–	–
2020............	–	–	–	–	–	–	–	–	–	–	–	–
2021............	–	–	–	–	–	–	–	–	–	–	–	–
Totals...........	$ 6,780,000	$ 3,108,406	$ 9,888,406	$ 5,080,000	$ 2,155,689	$ 7,235,689	$ 1,120,000	$ 473,221	$ 1,593,221	$ 20,625,000	$ 8,567,660	$ 29,192,660

(t2) Mandatory sinking fund payments from a $2,345,000, 5.25%, term bond due January 1, 2014.
(t1) Mandatory sinking fund payments from a $1,410,000, 5.25%, term bond due January 1, 2013.

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) (Fiscal Year)—continued

Fiscal Year Ending June 30	Total Bonds issued under State Facilities Master Lease Program			Total Bonds issued under Stand Alone Legal Documents			Total All Lease Obligations		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2000............	$ 8,910,000	$ 11,142,248	$ 20,052,248	$ 1,750,000	$ 1,786,199	$ 3,536,199	$ 10,660,000	$ 12,928,447	$ 23,588,447
2001............	9,410,000	10,803,264	20,213,264	1,840,000	1,696,403	3,536,403	11,250,000	12,499,667	23,749,667
2002............	10,060,000	10,330,220	20,390,220	1,935,000	1,601,495	3,536,495	11,995,000	11,931,715	23,926,715
2003............	10,610,000	9,822,334	20,432,334	2,040,000	1,499,847	3,539,847	12,650,000	11,322,181	23,972,181
2004............	11,100,000	9,272,902	20,372,902	2,150,000	1,391,520	3,541,520	13,250,000	10,664,422	23,914,422
2005............	34,776,478	17,189,695	51,966,173	2,265,000	1,275,337	3,540,337	37,041,478	18,465,032	55,506,510
2006............	9,295,000	8,087,103	17,382,103	2,390,000	1,150,377	3,540,377	11,685,000	9,237,480	20,922,480
2007............	9,775,000	7,620,943	17,395,943	2,530,000	1,016,163	3,546,163	12,305,000	8,637,106	20,942,106
2008............	10,270,000	7,125,546	17,395,546	2,670,000	873,813	3,543,813	12,940,000	7,999,359	20,939,359
2009............	10,815,000	6,575,776	17,390,776	2,820,000	722,729	3,542,729	13,635,000	7,298,505	20,933,505
2010............	11,390,000	5,994,453	17,384,453	2,985,000	562,583	3,547,583	14,375,000	6,557,036	20,932,036
2011............	12,040,000	5,379,961	17,419,961	3,155,000	392,501	3,547,501	15,195,000	5,772,462	20,967,462
2012............	12,110,000	4,727,871	16,837,871	3,345,000	211,845	3,556,845	15,455,000	4,939,716	20,394,716
2013............	12,770,000	4,071,201	16,841,201	1,095,000	90,826	1,185,826	13,865,000	4,162,027	18,027,027
2014............	11,825,000	3,375,328	15,200,328	635,000	33,338	668,338	12,460,000	3,408,666	15,868,666
2015............	11,440,000	2,729,626	14,169,626	–	–	–	11,440,000	2,729,626	14,169,626
2016............	11,955,000	2,104,151	14,059,151	–	–	–	11,955,000	2,104,151	14,059,151
2017............	11,950,000	1,450,557	13,400,557	–	–	–	11,950,000	1,450,557	13,400,557
2018............	10,040,000	797,444	10,837,444	–	–	–	10,040,000	797,444	10,837,444
2019............	3,085,000	246,800	3,331,800	–	–	–	3,085,000	246,800	3,331,800
2020............	865,000	77,463	942,463	–	–	–	865,000	77,463	942,463
2021............	550,000	30,250	580,250	–	–	–	550,000	30,250	580,250
Totals..........	$ 235,041,478	$ 128,955,136	$ 363,996,614	$ 33,605,000	$ 14,304,976	$ 47,909,976	$ 268,646,478	$ 143,260,112	$ 411,906,590

(Source: The Authority.)

State Building Board

The State Building Board consists of seven voting members who are appointed by the Governor. The membership of the board is always the same as the membership of the Authority. In addition, the director of the Governor's Office of Planning and Budget of the State is a non–voting member of the board. The board acts as a policy–making board for the Division. The board's current statutory responsibilities include the preparation and maintenance of a five–year building plan for submission to the Governor and the Legislature, the establishment of design and construction standards for State facilities, the establishment of procurement rules for the design and construction and leasing of State facilities, and the establishment of policies and procedures regarding the functions of the Division.

Division Of Facilities Construction And Management

The Division was created by the 1981 Legislature as part of a reorganization which brought several administrative functions under the newly created Department of Administrative Services. Prior to that time, the Division's functions were handled by the State Building Board. The Division currently acts as staff to the State Building Board and assists it in carrying out its functions.

The Division is responsible for the design and construction of the facilities used by all State agencies and institutions. The Division contracts with private architectural, engineering, and construction firms for the design and construction of facilities. The Division reviews plans prior to bidding and supervises the design and construction processes. The Division also assists the State Building Board in the analysis of facility needs and the prioritization of capital projects.

The Division is responsible for the leasing of all facilities for state agencies with some exceptions. Information regarding leases is submitted annually to the Legislature for its review and approval. Other responsibilities of the Division include the management and maintenance of many State facilities, the allocation of space among State agencies, and the ownership of much of the State's real property.

THE FACILITIES

The Mortgaged Facilities As Security For The 1999A Bonds

The 1999A Bonds are equally and ratably secured by the lien of the Indenture and the Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the State shall be required to vacate the Mortgaged Facilities, the Trustee shall have all rights and remedies to take possession of the Mortgaged Facilities as trustee for the benefit of the Owners of the 1999A Bonds, and the Trustee may exercise various remedies against or with respect to the Mortgaged Facilities under the Indenture and the Lease for the proportionate benefit of the Owners of the 1999A Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Facilities. See in this section "Cross–Collateralization" below. See "SECURITY FOR THE 1999A BONDS—The Lease and the Indenture" above. Under the Lease, an Event of Nonappropriation will occur if the Legislature fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to a portion of the Facilities coming due in any fiscal year under the Lease.

Certain of the hereinafter described Facilities are part of larger projects, additional funding for which comes from sources other than Bonds issued under the Indenture ("Non–Bond Financed Projects"). Such Non–Bond Financed Projects are not part of the Facilities securing the 1999A Bonds under the Indenture and the Lease, except to the extent, if any, covered by the appropriate Site Leases where necessary to provide requisite structural support for the respective Facilities.

The 1999A Facilities

The 1999A Facilities include the acquisition and construction of certain facilities consisting of:

(a) the construction of an administration office building for the Department of Corrections and the Board of Pardons and Parole Administration of the State and related facilities, property and improvements on land located in Salt Lake County, Utah, owned by the State and leased to the Authority;

(b) the construction of a Correctional Industries Facility at the Central Utah Correctional Facility located in Gunnison City, Utah for the Department of Corrections of the State and related facilities, property and improvements on land located in Sanpete County, Utah, owned by the State and leased to the Authority; and

(c) the acquisition and construction of two State–operated alcoholic beverage outlets and related facilities, property and improvements for the Department of Alcoholic Beverage Control of the State (collectively, the "1999A Projects" or the "1999A Facilities").

The Facilities

Set forth below is a brief description of the Facilities financed with a portion of the proceeds of the Prior Parity Bonds.

The Facilities consist of 27 separate facilities, located in various counties within the State, that are used by various departments of State government and state bodies including the Department of Alcoholic Beverage Control, the University of Utah, the College of Eastern Utah, various District and Juvenile Courts, the Department of Community and Economic Development, the Department of Human Services, the Department of Natural Resources and its Division of Parks and Recreation, the State Office of Education, the Department of Environmental Quality, the Department of Transportation and others. The most significant of these facilities include:

(i) The State Courts Complex, a five–story structure with approximately 417,000 square feet of space located in Salt Lake City;

(ii) The Huntsman Cancer Institute, a $48 million dollar cancer research center now under construction adjacent to the University of Utah's Health Sciences Center. This 214,000 square–foot, six–story facility was financed with $15 million of Bonds issued by the Authority and various public and private contributions;

(iii) The University of Utah new student housing facilities, a $120.1 million project now under construction on the University of Utah campus. These facilities are financed with approximately $23 million of Bonds issued by the Authority, $86 million issued by the University of Utah, and the remaining from available moneys from the University and interest during construction. The student housing facilities described above do not constitute part of the Mortgaged Facilities and no mortgage lien or other security interest has been created with respect to such facilities for the security of the 1999A Bonds. However, the Authority has granted a leasehold mortgage on a performing arts auditorium at the University of Utah known as Kingsbury Hall, which is included in the Mortgaged Facilities;

(iv) Two office buildings located in Salt Lake City, totaling approximately 77,000 square feet of space, used by the Department of Environmental Quality ("DEQ");

(v) The acquisition of a Youth Corrections Facility in Salt Lake County to be used by the Department of Human Services;

(vi) An office building of approximately 95,000 square feet, used by the Department of Natural Resources ("DNR");

(vii) An office building of approximately 137,000 square feet in Salt Lake County used by the Department of Community and Economic Development ("DCED"); and

(viii) The Davis County Courts Complex.

The following table provides summary information regarding the Facilities:

Facility	Construction Status	Scheduled Collateral Release Date (May 16) (1)
State Courts Complex.........	Completed–1998	2018
DEQ Office	Completed–1993–1995	2014
Huntsman Cancer Institute....	Scheduled–1999	2013
Youth Corrections	Completed–1998	2017
DCED Office	Completed–1999	2019
DNR Office.....................	Completed–1997	2017
Davis County Courts..........	Completed–1999	2019
All Other Facilities............	Completed/under construction	2005–2021

(1) See "Release Of Portions Of Facilities–Scheduled Release of Facilities" below.

Cross–Collateralization

Subject to the next succeeding paragraph, pursuant to the Indenture and the Lease, all of the 1999A Bonds issued under the Indenture, are cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the 1999A Bonds, a mortgage and security interest in all of the Authority's right, title and interest in the Mortgaged Facilities. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease will entitle the Trustee to take possession of the Mortgaged Facilities and to exercise its rights and remedies to the extent provided in the Indenture against the Mortgaged Facilities in such manner and order as the Trustee determines to be in the best interests of the Owners of the 1999A Bonds then outstanding. However, the security interest in the Mortgaged Facilities may be released prior to the payment of all of the 1999A Bonds as described below under "Release of Portions of Facilities–Release of Portions of Facilities Upon Discharge of Related Series of Bonds."

Release Of Portions Of Facilities

Under the terms and conditions provided therefor in the Indenture and the Lease, portions of the Facilities may be released from the liens of the Indenture and the Mortgages and the terms of the Lease as follows:

General Release of Portions of Facilities

So long as no Event of Default or Event of Nonappropriation has occurred under the Lease and is then continuing, the State and the Authority may make, from time to time, without the consent of the Trustee or the Owners of the 1999A Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Mortgaged Facilities are located as the State and the Authority mutually agree to be necessary and desirable to facilitate the use and development by the State, its successors, permitted sublessees and assigns, of such sites; provided, however, that the portions of each such respective site remaining subject to the Lease and the Indenture after any such modification, alteration, amendment to, or deletion from, such site shall (i) be capable of being operated as a separate and independent functional unit without additional cost to the occupant, (ii) be a single legal parcel of land or a combination of contiguous legal parcels, (iii) include the Facilities located on each such respective site financed with the proceeds of sale of the 1999A Bonds or the replacement of such Facilities, (iv) have adequate access to and from public streets and easements for the maintenance of all utilities and (v) not be in violation of any applicable law, rule, regulation, ordinance, covenant or restriction relating thereto. The State and the Authority covenant in the Lease not to agree to any modification, alteration, amendment or addition to or deletion from the sites on which any of the Mortgaged Facilities are located that would reduce the fair rental value of the Facilities remaining subject to the Lease (such value to be determined in each instance with reference to the value to the State based upon its use of the Facilities under the Lease and not with reference to such value as may be applicable for a different use or by a different user of the Facilities) below the Rentals payable under the Lease or adversely affect the excludibility from gross income for federal income tax purposes of interest on the 1999A Bonds or otherwise adversely affect the purposes for which the Authority acquired the Facilities and for which the State is leasing the Facilities pursuant to the Lease.

Release of Portions of Mortgaged Facilities Upon Exercise of Purchase Option

The Authority's interest in any portion of the Mortgaged Facilities representing separate Facilities shall be transferred to the State and title thereto shall thereupon vest in the State upon the exercise by the State of its option to purchase such separate Facilities upon the terms and conditions provided in the Lease.

Release of Portions of Mortgaged Facilities Upon Discharge of Related Series of Bonds

At such time as all Bonds of one or more Series issued to finance or refinance any separately identifiable portion of the Mortgaged Facilities are deemed to be paid under the Indenture, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture or the Mortgages, except for the purposes of registration and exchange of Bonds and from moneys or Government Obligations (as that term is defined in the Indenture) deposited with or for the benefit of the Trustee therefor, and the Trustee shall release the liens and security interests granted by the Indenture and the Mortgages with respect to such portions of the Mortgaged Facilities.

Release of Portions of Facilities

So long as no Event of Nonappropriation or Event of Default has occurred and is then continuing under the Lease or the Indenture, the State shall be entitled to designate to the Authority and the Trustee components of certain Mortgaged Facilities to be released from the security interests and lien granted to the Trustee by the Indenture and the related Mortgage, but only to the extent that the value of the Mortgaged Facilities remaining subject to such security interests and lien immediately after such proposed release is not less than the then unpaid principal balance of the portion of the Base Rentals relating to the remaining components of such Mortgaged Facilities.

Scheduled Release of Facilities

So long as no Event of Default has occurred and is then continuing under the Indenture or the Mortgage relating to a Facility to be released and assuming the State has not previously exercised its option to purchase such Mortgaged Facilities, the security interest and liens granted to the Trustee by the Indenture and such Mortgage are scheduled to be released on certain dates specified in the Lease and the Indenture.

Notwithstanding anything to the contrary in the Lease, no portion of the Mortgaged Facilities shall be released, unless, in each instance, the State delivers to the Trustee, the Authority and each of the Appropriate Rating Agencies written notice of the proposed release at least 10 days in advance of such release together with a certificate executed by an Authorized Lessee Representative to the effect that the release of the portion of the Facilities identified in the applicable notice required by the Lease will not reduce the fair rental value of the Mortgaged Facilities remaining subject to the Lease (such value to be determined in each instance with reference to the value to the State based upon its use of the Mortgaged Facilities under the Lease and not with reference to such value as may be applicable for a different use or by a different user of the Mortgaged Facilities) below the Rentals payable under the Lease from and after such release.

Maintenance Of The Facilities

The State has agreed in the Lease, at its own expense, to maintain, manage and operate the Facilities in good order, condition and repair, ordinary wear and tear excepted. The State will provide or cause to be provided for all power, gas, telephone, light, heating and water and all other public utility services. See "APPENDIX A—BASIC DOCUMENTATION–THE LEASE–Maintenance and Operation" below.

STATE OF UTAH GOVERNMENTAL ORGANIZATION

The State maintains many internet sites. Several sites are indicated below and may be accessed at the following internet addresses:

State.. http://www.state.ut.us

State Treasurer.. http://www.treasurer.state.ut.us

Division of Finance .... http://www.finance.state.ut.us

Governor's Office of Planning and Budget................http://www.governor.state.ut.us/gopb

Governor's Office..http://www.governor.state.ut.us

DFCM .... http://www.dfcm.state.ut.us

The information available at the internet sites shown above is provided by the State in the course of its normal operations and has ***not*** *necessarily been reviewed for accuracy or completeness. Such information has not been provided in connection with the offering of the 1999A Bonds and is* ***not*** *a part of this OFFICIAL STATEMENT.*

The following description of State government emphasizes those functions of government that might have a direct bearing or effect on the financial condition of the State and the State's bonded indebtedness, and is not intended as a detailed description of all functions of the State's government.

Governmental Departments

The Constitution of the State (the "State Constitution") divides the powers of government into three distinct departments: the Legislative Department, the Executive Department and the Judicial Department.

Legislative Department

The Legislature is composed of a Senate (29 members) and a House of Representatives (75 members). The Legislature meets annually for 45 calendar days beginning the third Monday in January.

The Legislature establishes basic State policies and prescribes administrative functions through its lawmaking, investigative and fiscal powers. The Legislature imposes taxes to provide revenue and makes appropriations to carry out all the activities of State government. The Legislature also provides some financial support of certain local activities, such as roads and schools.

Executive Department

The Executive Department consists of the offices of Governor, Lieutenant Governor, State Auditor, State Treasurer, and Attorney General, each of which is an elective office. The terms of office of each of these officials are four years each and run concurrently. Current executive department members and their respective terms in office are as follows:

Office	Person	Time in Office	Expiration of Term
Governor...............	Michael O. Leavitt	six years	January 2001
Lieutenant Governor..	Olene S. Walker	six years	January 2001
State Auditor...........	Auston G. Johnson, III, CPA	three years	January 2001
State Treasurer	Edward T. Alter, CPA	eighteen years	January 2001
Attorney General......	Jan Graham, J.D.	six years	January 2001

Judicial Department

The State Constitution provides that the "judicial power of the State shall be vested in a supreme court, in a trial court of general jurisdiction known as the district court, and in such other courts as the legislature by statute may establish." The State statutes list such other courts as the Court of Appeals, the circuit courts, the juvenile courts, justices' courts, and the small claim courts. The Supreme Court, the Court of Appeals, the district courts, the circuit courts, and the juvenile courts are all courts of record. In addition, most departments and agencies of the State have administrative proceedings which are conducted pursuant to the Utah Administrative Procedures Act by administrative law judges or hearing officers, whose determinations are subject to appeal through the judicial system.

Certain Commissions And Agencies

The following contains information regarding certain State commissions and administrative agencies in finance, administration and planning of State government:

Utah State Tax Commission

The Utah State Tax Commission (the "State Tax Commission") is a four–member commission with members appointed by the Governor with the consent of the Senate. No more than two members of the State Tax Commission may be of the same political party. The State Tax Commission has a number of operating divisions, each of which is responsible for administering major areas of tax and collection. The State Tax Commission's powers and responsibilities include, among others, the following:

- administration, supervision and enforcement of the tax laws of the State and the formulation of State tax policy through rules, guidelines and directives;
- assessment and equalization of "centrally–assessed properties" including mines, railroads, public utilities, pipelines and certain other properties;
- administration of funding for the minimum school program and levying the State–wide minimum basic property tax rate based on appropriations set by the Legislature;
- collection of various state taxes, including State sales and use tax, local option sales taxes, individual income tax, corporate franchise (income) taxes, and motor fuel and special fuel taxes;
- collection and distribution of the local option sales taxes and seven additional optional sales taxes to the State's cities, towns and counties; and
- administration of the State's motor vehicle registration laws.

Department Of Administrative Services

The Department of Administrative Services (the "Department") coordinates the agencies that provide administrative support to State government. The Department also provides administrative support and staff services to the Utah State Building Ownership Authority and to the Utah State Building Board.

Among the purposes of the Department are to provide effective, coordinated management of State administrative services, to serve the public interest by providing services in a cost–effective and efficient manner, and by eliminating unnecessary duplication, to enable administrators to respond effectively to technological improvements, to emphasize the service role of State administrative service agencies in meeting the service needs of user agencies, and to protect the public interest by insuring the integrity of the fiscal accounting procedures and policies which govern the operation of agencies and institutions to assure that funds are expended properly and lawfully. The Department is presently composed of the following divisions: Finance; Facilities Construction and Management; Administrative Rules; Archives and Records; Information Technology Services; Purchasing and General Services; Risk Management; Fleet Services; and Debt Collection.

Division of Finance. The Director of Finance is appointed by the Executive Director of the Department with the Governor's approval and serves at the pleasure of the Executive Director. The Director of Finance is the State's Chief Fiscal Officer and, ex–officio, the State's Accounting Officer. The statutes creating the Division of Finance give it authority and responsibility to:

❍ maintain financial accounts for State departments, including work programs, appropriations, allotments and expenditures;

❍ maintain a central accounting system and approve accounting systems of State departments;

❍ supervise enforcement of travel rules and regulations;

❍ audit all claims against the State for which an appropriation has been made;

❍ approve proposed expenditures for the purchase of all supplies and services requested by State agencies except institutions of higher education; and

❍ issue financial reports of the State and report financial information to the Governor and Legislature when requested.

Governor's Office Of Planning And Budget

A major function of the Governor's Office of Planning and Budget, in cooperation with the Governor and the Division of Finance, is the budgeting of State finances. The budgeting process is as follows:

Budget Preparation. Spending agencies must prepare a contemplated work program and the estimated requirements to accomplish the program, together with the source of funds available for its financing. Budget requests with supporting information and revenue projections are reviewed by the Governor, who transmits his own budget recommendations to the Legislature.

Review and Adoption. The Legislature reviews the budget requests, together with all other related information, and adopts a final budget in the amount it deems advisable for each activity in relation to all other functions of the governmental unit. It is primarily the prerogative of the Legislature to determine the major policies and programs.

Budget Execution. The spending agencies carry out their planned programs within the limitations prescribed by the Legislature. The Division of Finance and the Governor's Office of Planning and Budget review all planned expenditures by spending agencies to make sure that they conform with and do not exceed the limits authorized by the Legislature. This review is intended primarily to insure that expenditures are authorized by the law.

DEBT STRUCTURE OF THE STATE OF UTAH

Legal Borrowing Authority

Constitutional and Statutory Limitations on State Indebtedness

Constitutional. Article XIV, Section 1 of the State Constitution limits the State to a total general obligation debt not to exceed in the aggregate at any one time an amount equal to 1.5% of the value of the taxable property of the State, as shown by the last assessment for State purposes, previous to the incurring of such debt. Using the estimated 1998 value of $134,600,515,460, the debt limit of the State is approximately $2,019,007,732.

As of August 26, 1999 (the scheduled closing date of the 1999A Bonds the State's total general obligation debt then outstanding will be $1,212,325,000, leaving available to the State approximately $806,682,732 of additional general obligation borrowing capacity authorized by the State Constitution. See in this section "Authorized and Unissued General Obligation Bonds" below.

Statutory. Title 63, Chapter 38c, Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing authority of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State may not exceed 20% of the maximum allowable appropriations limit provided in that act, which limits State government appropriations based upon a formula that reflects the average of changes in personal income and the combined changes in population and inflation.

In 1997, the Legislature passed legislation which exempts certain general obligation highway bonds from the limitation of the State Appropriations and Tax Limitation Act. See in this section "General Obligation Indebtedness" below.

Under the State Appropriations and Tax Limitation Act, the State may have total outstanding general obligation debt of approximately $733,962,600 (20% of $3,669,813,000) for its fiscal year beginning July 1, 1999 and ending June 30, 2000 (the "Fiscal Year Ending June 30, 2000").

Considering the general obligation bonds that will be outstanding on August 26, 1999 (less the "statutory" exempt highway bonds, in the amount of $908,000,000), the then *remaining* general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act will be approximately $429,637,600 for the Fiscal Year Ending June 30, 2000. As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the maximum general obligation borrowing authority of the State under the State Appropriations and Tax Limitation Act will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the same manner as any other statute (by majority vote of both houses of the Legislature).

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years Ended June 30, 1995 through 1999 is as follows:

	Fiscal Year Ended June 30 (in thousands) (1)				
	1999 (2)	1998	1997	1996	1995
Taxable Value	$99,916,963	$93,202,827	$83,435,302	$74,212,122	$65,906,137
Fair Market Value or Market Value (3)	$134,600,515	$125,705,071	$111,885,862	$99,271,564	$77,647,309
Constitutional:					
Constitutional Debt Limit (Fair Market Value times 1.5%)	$2,019,008	$1,885,576	$1,678,288	$1,489,074	$1,164,710
Outstanding General Obligation Debt	(1,251,525)	(1,202,310)	(367,160)	(413,185)	(430,555)
Additional General Obligation Debt Incurring Capacity (*constitutional*)	$ 767,483	$ 683,266	$1,311,128	$1,075,889	$ 734,155
Statutory:					
Statutory Debt Limit	$705,912	$649,676	$610,145	$561,777	$507,660
Outstanding General Obligation Debt (4)	(343,525)	(602,310)	(367,160)	(413,185)	(430,555)
Additional General Obligation Debt Incurring Capacity (*statutory*)	$362,387	$ 47,366	$242,985	$148,592	$ 77,105

(1) Rounded to the nearest thousand.
(2) Taxable values were calculated by reducing the fair market value of primary residential property by 45% for the tax years 1998 (Fiscal Year Ended June 30, 1999), 1997 (Fiscal Year Ended June 30, 1998), 1996 (Fiscal Year Ended June 30, 1997), and 1995 (Fiscal Year Ended June 30, 1996); and 32% for the tax year 1994 (Fiscal Year Ended June 30, 1995), representing a partial property tax exemption for such property.
(3) These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property, as discussed in "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Tax System–Property Tax" below.
(4) Beginning in the Fiscal Year Ended June 30, 1998, certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

The 1999A Bonds are not General Obligations

Neither the 1999A Bonds nor the Lease will constitute general obligations of the State or the Authority. See "INTRODUCTION—Security" and "—Risks Inherent In The Ownership Of The 1999A Bonds–Limited Obligations" above.

Authorized and Unissued General Obligation Bonds

The State Bonding Commission, which issues the State's general obligation bonds, has statutory authorization to authorize the issuance of up to approximately $29 million aggregate principal amount of additional general obligation bonds, the proceeds of which bonds, when issued, will be used by the Division (and other State agencies) for various construction purposes.

General Obligation Indebtedness

The State has issued general obligation bonds for general building, higher education buildings, highway, water and wastewater facilities, flood control facilities, technology, recreation, and refunding purposes.

Unless otherwise indicated below, the outstanding general obligation bonds of the State are currently rated "AAA" by Fitch; "Aaa" by Moody's; and "AAA" by S&P, as of the date of this OFFICIAL STATEMENT.

As of the dates indicated, the State expects to have the following principal amounts of general obligation debt outstanding:

Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of June 30, 1999	Outstanding as of Aug. 26, 1999
General Obligation Bonds					
1999E (1)....	Building	$ 38,000,000	July 1, 2004	$ 0	$ 38,000,000
1999A (2)....	Highway projects	89,500,000	July 1, 2016	89,500,000	89,500,000
1999B (2)....	Highway projects	89,500,000	July 1, 2016	89,500,000	89,500,000
1999C (2)....	Highway projects	89,500,000	July 1, 2016	89,500,000	89,500,000
1999D (2)....	Highway projects	89,500,000	July 1, 2016	89,500,000	89,500,000
1998A (3)....	Various purpose	265,000,000	July 1, 2012	265,000,000	265,000,000
1997F (4)....	Highway projects	205,000,000	July 1, 2012	205,000,000	205,000,000
1997A.........	Capital projects	8,895,000	July 1, 2002	8,895,000	8,895,000
1997B.........	Capital projects	11,250,000	July 1, 2002	11,250,000	11,250,000
1997C.........	Capital projects	36,355,000	July 1, 2003	36,355,000	36,355,000
1997D.........	Computer system	8,500,000	July 1, 2003	8,500,000	8,500,000
1997E (4)....	Highway projects	135,000,000	July 1, 2012	135,000,000	135,000,000
1996...........	Capital projects	20,000,000	July 1, 2002	20,000,000	20,000,000
1995A.........	Capital projects	40,000,000	July 1, 2001	40,000,000	40,000,000
1995B.........	Capital projects	5,000,000	July 1, 2001	5,000,000	5,000,000
1994A.........	Capital projects	50,000,000	July 1, 2000	43,840,000	36,710,000
1994B.........	Capital projects	20,000,000	July 1, 2000	20,000,000	20,000,000
1994C.........	Capital projects	9,500,000	July 1, 2000	9,500,000	9,500,000
1994D.........	Highway projects	12,300,000	July 1, 2000	12,300,000	12,300,000
1994E.........	Highway projects	2,000,000	July 1, 2000	2,000,000	2,000,000
1994F.........	Refunding lease revenue	945,000	July 1, 2000	885,000	815,000
1993A.........	Capital projects	60,000,000	July 1, 1999	60,000,000	0
1993B.........	Highway projects	10,000,000	July 1, 1999	10,000,000	0
Total General Obligation Debt....		$1,295,745,000		$1,251,525,000	$1,212,325,000

(1) Rated "AAA" by Fitch; "Aaa" by Moody's; and "AAA" by S&P, as of the date of this OFFICIAL STATEMENT.
(2) These bonds are issued as variable rate bonds and are exempt from "statutory" debt limit calculations. Rated "AAA/F1+" by Fitch; "Aaa/VMIG1" by Moody's; and "AAA/A–1+" by S&P, as of the date of this OFFICIAL STATEMENT.
(3) A portion of this bond, in the amount of $210 million, is exempt from "statutory" debt limit calculations.

(Source: Financial Advisor.)

Current issuance of General Obligation Bonds. The State Bonding Commission does not anticipate the issuance of additional general obligation bonds during the Fiscal Year Ending June 30, 2000.

The following table reflects the State's general obligation debt, as measured by population, personal income, taxable value, fair market/market value for the fiscal years shown.

	Fiscal Year Ended June 30				
	1998	1997	1996	1995	1994
Outstanding General Obligation Debt (000's)	$1,202,310	$367,160	$413,185	$430,555	$394,325
Debt Ratios:					
Per Capita	$577.14	$179.21	$206.35	$219.78	$205.81
As % of Total Personal Income	2.71%	0.88%	1.06%	1.20%	1.19%
As % of Taxable Value (1)	1.20%	0.39%	0.50%	0.58%	0.60%
As % of Fair Market/Market Value (1)	0.89%	0.29%	0.37%	0.43%	0.51%
Annual Debt Service as % of All Governmental Fund Expenditures	2.24%	2.00%	2.05%	2.07%	1.97%

(1) These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property, as discussed in "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Tax System–Property Tax" below.

(Sources: Division of Finance (as to "Annual Debt Service as % of All Governmental Fund Expenditures" only) and the Financial Advisor.)

The following table reflects the State's general obligation debt, as measured by population, personal income, taxable value, fair market/market value estimated for this current period which is as of the Fiscal Year Ended June 30, 1999 and of August 26, 1999 (which is the proposed closing date of the 1999A Bonds).

	Estimated	
	As of June 30, 1999	As of Aug. 26, 1999
Outstanding General Obligation Debt (000's)	$1,251,525	$1,212,325
Debt Ratios:		
Per Capita (1998 population estimate—2,083,238 people)	$600.76	$581.94
As % of Total Personal Income (1999—$47,000,000,000)	2.66%	2.58%
As % of Taxable Value (1) (1998—$99,916,962,976)	1.25%	1.21
As % of Fair Market Value/Market Value (1) (1998—$134,600,515,460)	0.93%	0.90%
Annual Debt Service as % of All Governmental Fund Expenditures	2.33%	n/a (2)

(1) These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property, as discussed in "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Tax System–Property Tax" below.

(2) Not applicable.

(Source: Financial Advisor.)

Debt Service Schedule Of Outstanding General Obligation Bonds (Fiscal Year) (1)

Fiscal Year Ending	Series 1999E $38,000,000		Series 1999 A, B, C & D $358,000,000 (2)		Series 1998A $265,000,000		Series 1997F $205,000,000		Series 1997A $8,895,000	
June 30	Principal	Interest	Principal (3)	Interest (4)	Principal	Interest	Principal	Interest	Principal	Interest
2000...........	$ 0	$ 931,000	$ 0	$ 12,530,000	$ 0	$ 13,250,000	$ 0	$ 10,571,500	$ 0	$ 489,225
2001...........	0	1,710,000	0	12,530,000	0	13,250,000	0	10,571,500	0	489,225
2002...........	0	1,710,000	20,200,000	12,176,500	26,925,000	12,576,875	12,625,000	10,255,875	0	489,225
2003...........	0	1,710,000	21,000,000	11,455,500	30,525,000	11,140,625	13,325,000	9,607,125	8,895,000	244,613
2004...........	0	1,710,000	21,700,000	10,708,250	38,150,000	9,423,750	14,075,000	8,922,125	–	–
2005...........	38,000,000	855,000	22,400,000	9,936,500	14,975,000	8,095,625	14,825,000	8,162,563	–	–
2006...........	–	–	23,200,000	9,138,500	15,850,000	7,325,000	15,625,000	7,325,188	–	–
2007...........	–	–	24,000,000	8,312,500	16,775,000	6,509,375	16,475,000	6,442,438	–	–
2008...........	–	–	24,900,000	7,456,750	17,750,000	5,646,250	17,375,000	5,511,563	–	–
2009...........	–	–	25,800,000	6,569,500	18,725,000	4,734,375	18,225,000	4,578,125	–	–
2010...........	–	–	26,700,000	5,650,750	19,725,000	3,773,125	19,125,000	3,644,375	–	–
2011...........	–	–	27,600,000	4,700,500	20,750,000	2,761,250	20,100,000	2,663,750	–	–
2012...........	–	–	28,600,000	3,717,000	21,850,000	1,696,250	21,100,000	1,633,750	–	–
2013...........	–	–	29,600,000	2,698,500	23,000,000	575,000	22,125,000	553,125	–	–
2014...........	–	–	30,600,000	1,645,000	–	–	–	–	–	–
2015...........	–	–	31,700,000	554,750	–	–	–	–	–	–
Totals.........	$ 38,000,000	$ 8,626,000	$ 358,000,000	$ 119,780,500	$ 265,000,000	$ 100,757,500	$ 205,000,000	$ 90,443,002	$ 8,895,000	$ 1,712,288

Fiscal Year Ending	Series 1997B $11,250,000		Series 1997C $36,355,000		Series 1997D $8,500,000		Series 1997E $135,000,000		Series 1996 $20,000,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000...........	$ 0	$ 618,750	$ 0	$ 1,999,525	$ 0	$ 467,500	$ 0	$ 7,029,913	$ 0	$ 1,000,000
2001...........	0	618,750	0	1,999,525	0	467,500	0	7,029,913	0	1,000,000
2002...........	0	618,750	0	1,999,525	0	467,500	8,250,000	6,803,038	0	1,000,000
2003...........	11,250,000	309,375	0	1,999,525	4,855,000	333,988	8,700,000	6,336,913	20,000,000	500,000
2004...........	–	–	36,355,000	999,763	3,645,000	100,238	9,175,000	5,845,350	–	–
2005...........	–	–	–	–	–	–	9,675,000	5,339,069	–	–
2006...........	–	–	–	–	–	–	10,200,000	4,804,600	–	–
2007...........	–	–	–	–	–	–	10,775,000	4,227,788	–	–
2008...........	–	–	–	–	–	–	11,350,000	3,619,350	–	–
2009...........	–	–	–	–	–	–	11,950,000	3,020,425	–	–
2010...........	–	–	–	–	–	–	12,625,000	2,424,313	–	–
2011...........	–	–	–	–	–	–	13,325,000	1,781,875	–	–
2012...........	–	–	–	–	–	–	14,075,000	1,096,875	–	–
2013...........	–	–	–	–	–	–	14,900,000	372,500	–	–
2014...........	–	–	–	–	–	–	–	–	–	–
2015...........	–	–	–	–	–	–	–	–	–	–
Totals.........	$ 11,250,000	$ 2,165,625	$ 36,355,000	$ 8,997,863	$ 8,500,000	$ 1,836,726	$ 135,000,000	$ 59,731,922	$ 20,000,000	$ 3,500,000

Fiscal Year Ending	Series 1995A $40,000,000		Series 1995B $5,000,000		Series 1994A $50,000,000		Series 1994B $20,000,000		Series 1994C $9,500,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000...........	$ 0	$ 2,400,000	$ 0	$ 300,000	$ 7,130,000	$ 1,889,360	$ 0	$ 940,000	$ 0	$ 446,500
2001...........	0	2,400,000	0	300,000	36,710,000	862,685	20,000,000	470,000	9,500,000	223,250
2002...........	40,000,000	1,200,000	5,000,000	150,000	–	–	–	–	–	–
2003...........	–	–	–	–	–	–	–	–	–	–
2004...........	–	–	–	–	–	–	–	–	–	–
2005...........	–	–	–	–	–	–	–	–	–	–
2006...........	–	–	–	–	–	–	–	–	–	–
2007...........	–	–	–	–	–	–	–	–	–	–
2008...........	–	–	–	–	–	–	–	–	–	–
2009...........	–	–	–	–	–	–	–	–	–	–
2010...........	–	–	–	–	–	–	–	–	–	–
2011...........	–	–	–	–	–	–	–	–	–	–
2012...........	–	–	–	–	–	–	–	–	–	–
2013...........	–	–	–	–	–	–	–	–	–	–
2014...........	–	–	–	–	–	–	–	–	–	–
2015...........	–	–	–	–	–	–	–	–	–	–
Totals.........	$ 40,000,000	$ 6,000,000	$ 5,000,000	$ 750,000	$ 43,840,000	$ 2,752,045	$ 20,000,000	$ 1,410,000	$ 9,500,000	$ 669,750

For footnotes pertaining to this page, see the following page, at the end of this financial table.

Fiscal Year Ending June 30	Series 1994D $12,300,000 Principal	Series 1994D $12,300,000 Interest	Series 1994E $2,000,000 Principal	Series 1994E $2,000,000 Interest	Series 1994F $945,000 Principal	Series 1994F $945,000 Interest	Series 1993A $60,000,000 Principal	Series 1993A $60,000,000 Interest	Series 1993B $10,000,000 Principal	Series 1993B $10,000,000 Interest
2000...........	$ 0	$ 578,100	$ 0	$ 94,000	$ 70,000	$ 39,915	$ 60,000,000	$ 1,320,000	$ 10,000,000	$ 220,000
2001...........	12,300,000	289,050	2,000,000	47,000	815,000	19,153	–	–	–	–
2002...........	–	–	–	–	–	–	–	–	–	–
2003...........	–	–	–	–	–	–	–	–	–	–
2004...........	–	–	–	–	–	–	–	–	–	–
2005...........	–	–	–	–	–	–	–	–	–	–
2006...........	–	–	–	–	–	–	–	–	–	–
2007...........	–	–	–	–	–	–	–	–	–	–
2008...........	–	–	–	–	–	–	–	–	–	–
2009...........	–	–	–	–	–	–	–	–	–	–
2010...........	–	–	–	–	–	–	–	–	–	–
2011...........	–	–	–	–	–	–	–	–	–	–
2012...........	–	–	–	–	–	–	–	–	–	–
2013...........	–	–	–	–	–	–	–	–	–	–
2014...........	–	–	–	–	–	–	–	–	–	–
2015...........	–	–	–	–	–	–	–	–	–	–
Totals.........	$ 12,300,000	$ 867,150	$ 2,000,000	$ 141,000	$ 885,000	$ 59,068	$ 60,000,000	$ 1,320,000	$ 10,000,000	$ 220,000

Fiscal Year Ending June 30	Totals (1) Total Principal	Total Interest	Total Debt Service
2000...........	$ 77,200,000	$ 57,115,288	$ 134,315,288
2001...........	81,325,000	54,277,551	135,602,551
2002...........	113,000,000	49,447,288	162,447,288
2003...........	118,550,000	43,637,664	162,187,664
2004...........	123,100,000	37,709,476	160,809,476
2005...........	99,875,000	32,388,757	132,263,757
2006...........	64,875,000	28,593,288	93,468,288
2007...........	68,025,000	25,492,101	93,517,101
2008...........	71,375,000	22,233,913	93,608,913
2009...........	74,700,000	18,902,425	93,602,425
2010...........	78,175,000	15,492,563	93,667,563
2011...........	81,775,000	11,907,375	93,682,375
2012...........	85,625,000	8,143,875	93,768,875
2013...........	89,625,000	4,199,125	93,824,125
2014...........	30,600,000	1,645,000	32,245,000
2015...........	31,700,000	554,750	32,254,750
Totals.........	$ 1,289,525,000	$ 411,740,439	$ 1,701,265,439

(1) Preliminary; subject to change. Based on estimated payments (cash basis) falling due in that particular fiscal year.

(2) These bonds include the $89.5 million Series 1999A, $89.5 million Series 1999B, $89.5 million Series 1999C and $89.5 million Series 1999D Bonds.

(3) These anticipated principal payments are based on the State's current expectations for the redemption of the Series 1999 A, B, C and D Bonds. The State is not required to provide for such payment in advance of the maturity date or mandatory sinking fund redemption dates (2012 through 2016) of the Series 1999 A, B, C and D Bonds.

(4) The Series 1999 A, B, C and D Bonds are variable rate interest bonds. Interest has been estimated at 3.50% per annum.

(Source: The Financial Advisor.)

The ratio of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	Estimated 1999 (*)	1998	1997	1996	1995
General Fund Expenditures (1)...............	$2,704,394	$2,591,203	$2,513,596	$2,359,468	$2,213,651
Debt Service Expenditures......	$134,685	$131,075	$100,651	$94,426	$86,572
Ratio Debt Service to General Fund Expenditures............	4.98%	5.06%	3.98%	4.00%	3.91%
Total All Governmental Funds Expenditures...........	$5,775,656	$5,640,948	$5,043,618	$4,611,315	$4,212,239
Ratio Debt Service Expenditures to All Governmental Fund Expenditures............	2.33%	2.32%	2.00%	2.05%	2.06%

(*) Estimates for June 30, 1999 were generated as of March 1999.
(1) Does not include Debt Service Expenditures made in the General Fund.

(Sources: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

Lease Obligations

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long–term leases are considered noncancellable for financial reporting purposes and are reported in the General Long–Term Obligation Account Group or appropriate proprietary funds or component units.

Operating leases (leases on assets not recorded in the Balance Sheet) contain various renewal obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.

The total operating lease expenditures for Fiscal Years Ended June 30, 1998 and June 30, 1997 were $29,097,000 and $25,737,000, respectively, for the primary government, and $13,481,000 and $12,764,000, respectively, for component units. For a detailed report and description of operating and capital leases see “APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Combined Financial Statements, Note 7. Lease Commitments.”

Revenue Bonds And Notes

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are a debt or general obligation of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

The majority of the State’s revenue bonds and notes are issued by the Utah Housing Finance Agency, the State Board of Regents (student loans and college and university capital projects), and the State of Utah, State Building Ownership Authority. Current information regarding such revenue bonds and notes is provided below.

For a detailed report and description of the various revenue bonds and notes see "APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Combined Financial Statements, Note 8. Bonds and Notes Payable."

Covenant Regarding Legislative Appropriations; Utah Housing Finance Agency; State Board of Regents; State Financing Consolidation Act

As noted above, the State agencies that issue most of the State's revenue bonds are the Utah Housing Finance Agency and the State Board of Regents. The statutes under which these agencies are organized provide that the chairman of each agency shall certify to the Governor on or before December 1 of each year the amount, if any, necessary to restore any capital reserve or debt service reserve fund established by the agency to its required amount. In the case of revenue bonds issued to finance a capital project for an institution of higher education, the chairman of the State Board of Regents may also certify to the Governor on or before December 1 of each year any projected shortfall in the revenues necessary to make debt service payments in the forthcoming calendar year. In addition, the State Treasurer has issued revenue bonds under the State Financing Consolidation Act, as discussed below, and has established debt service reserve funds to secure such bonds. The State Treasurer is authorized to certify to the Governor the amount necessary to restore such reserve funds in the same manner as described above. In each case upon receipt of such a certification, the Governor may then request from the Legislature an appropriation of the amount so certified. The Governor is not required to request an appropriation from the Legislature and the Legislature is under no obligation to make any appropriation requested by the Governor. The 1999A Bonds including the covenant to so certify to the Governor are referred to herein as "*State Moral Obligation Bonds*." The revenue bonds issued by the Utah Housing Finance Agency and the State Board of Regents that are not State Moral Obligation Bonds could, under the applicable statutory provisions and the procedures described above, benefit from legislative appropriations to cover debt service reserve fund deficiencies or projected debt service shortfalls, notwithstanding the absence of the issuer covenants referred to in this paragraph.

The amounts of State Moral Obligation Bonds outstanding are set forth below.

Utah Housing Finance Agency. The Utah Housing Finance Agency had outstanding as of January 1, 1999 (the agency updates information every six months) approximately $916.4 million of single family and multifamily housing revenue bonds, approximately $149.2 million of which were issued as State Moral Obligation Bonds.

State Board of Regents. As of June 30, 1999, the State Board of Regents is estimated to have approximately $794.84 million of student loan revenue bonds outstanding, all of which were issued as State Moral Obligation Bonds. In addition, as of such date, the State Board of Regents had outstanding approximately $311.34 million of revenue bonds issued to finance capital projects at the State's institutions of higher education, approximately $193.65 million of which were issued as State Moral Obligation Bonds.

State Financing Consolidation Act. As of June 30, 1999, the State Treasurer had outstanding approximately $13.1 million of revenue bonds under the State Financing Consolidation Act, all of which were issued as State Moral Obligation Bonds. These revenue bonds were issued to provide funds to the State's Drinking Water Board and Board of Water Resources and are secured by and payable from bonds, notes and other obligations issued by certain political subdivisions of the State that are held by the State Treasurer.

State Guaranty Of General Obligation School Bonds

Under the Utah School Bond Guaranty Act (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds ("Guarantied Bonds") issued by qualifying boards of education of Utah school districts ("local school boards").

The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guarantied Bonds.

In the event a local school board is unable to make the scheduled debt service payments on its Guarantied Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short–term loan from the Permanent School Fund (although the Fund is not required to make the loan) or (c) issue its short–term general obligation notes. The local school board remains liable to the State for any such payments on Guarantied Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the local school board. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Ad Valorem Property Tax System" below. The Guaranty Act also contains provisions to compel the local school board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the local school board will ultimately be responsible for payment of debt service on the Guarantied Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations and recommend a course of remedial action.

The State does not expect that it will be required to advance moneys for the payment of debt service on Guarantied Bonds in the foreseeable future. Accordingly, the State believes that it would normally have sufficient cash available to make such payments. In the event sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus cost of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues is secured by a pledge of the full faith, credit, and resources of the State and can be issued on an expedited basis. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

The State guaranty is extended by the State Treasurer to an eligible school district after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

As of the date of this OFFICIAL STATEMENT, the State has guarantied approximately $768 million principal amount of Guarantied Bonds. The State cannot predict how many bonds may be guarantied in future years; no limitation is currently imposed by the Guaranty Act.

As of the date of this OFFICIAL STATEMENT, the State has not been requested to make payments on any Guarantied Bonds under the provisions of the Guaranty Act.

No Defaulted Bonds

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

State's Discussion And Analysis Of Financial Condition And Results Of Operations

Current Economic Overview[1]

General Context

The State's economy has made a smooth transition from the boom or near–boom conditions of recent years to a more modest rate of growth. Population, job, and income growth rates in Utah continue to outpace those of the nation, but growth in the economy has moderated because of weaker export markets, low commodity prices, and the recovery of the California economy. Even with this easing of economic activity, the State's economy remains healthy with stable job creation, low unemployment, strong income and population growth, and a well–diversified industrial structure.

Specific Economic Performance Measures

The State ranked as the sixth fastest growing state in population during 1998 with a 1.7% increase. Net in–migration occurred for the eighth consecutive year, but dropped to its lowest level since 1988. In the most recent cycle, net in–migration peaked in 1994 at 22,788, and was estimated to be 2,007 in 1998. Natural increase continues to be the major component of the State's population growth, accounting for approximately two–thirds of the State's growth during the decade of the 1990s.

The rate of job growth also peaked in 1994 in this cycle at 6.2% and, while still outperforming that of the nation, has now decelerated for four consecutive years. The State's employment increased by 3.0% in 1998, marking the eleventh year of a record job expansion (at least 3.0% annual growth rate) in the State. The State's rate of job growth ranked eleventh among states during 1998.

Unemployment remained very low at 3.8% in 1998. This rate was lower than the equivalent national rate of 4.5%, and was an increase over 1996 and 1997.

Employment in all major industry sectors except mining is growing. In 1998 the strongest employment growth occurred in the construction sector where the value of permit authorized construction in the State reached an all–time record high in 1998 of $3.8 billion. Construction employment increased at an annual growth rate of 5.8% and was followed by FIRE (finance, insurance, and real estate) expanding at a rate of 4.6% and TCU (transportation, communication, and utilities) growing at a rate of 4.5%. Services and government grew at an annual rate of 4.2% and 2.7%, respectively. Manufacturing and trade were the only major industries in 1998 to increase by less than 2%, while mining employment actually decreased by 2.4%.

Incomes continue to rise in the State, but at lower rates than recent years. Personal income in the State increased by 5.6% in 1998, compared with 5.0% nationally in the same year, and 7.4% in State during 1997. The State's non-agricultural wages increased by 7.1% in 1998, compared with 6.7% nationally in 1998, and 9.2% in State during 1997. Per capita income in the State has increased at a higher rate than the rest of the nation for nine consecutive years.

The State's economy remains well–balanced with a broad base of industries contributing to the current economic expansion. According to Regional Financial Associates, Colorado is the only other western state, including California, with a more diversified economic structure than the State's. The State's economic diversity has increased over time as the industries in which the state

[1] This Overview is the product of the Demographic and Economic Analysis Section of the Governor's Office of Planning and Budget.

has previously specialized (federal government and extractive industries) have contracted, while new industries (computer hardware and software, biomedical, tourism, and particular types of manufacturing) have emerged.

Gross state product was forecast by Regional Financial Associates to be $49.2 billion in 1998 (1992 chain weighted dollars), representing an increase of 1.9% over last year's estimated $48.3 billion (1992 chain weighted dollars).

Taxable retail sales increased by 4.6% in 1998, compared with 3.3% in 1997.

Current Planning Context

The State, like all rapidly growing states, is faced with the challenges of providing infrastructure and public services to a growing population and expanding economy. These challenges are ongoing. State government continues to provide leadership by investing in infrastructure, prudently managing state resources, and participating in long range planning efforts.

Currently, the State is a major partner in a quality growth partnership called "Envision Utah." This is a multi–year, multi–million dollar, citizen–led effort to create a publicly supported quality growth strategy. The Legislature also passed the Quality Growth Act of 1999 during the 1999 General Legislative Session. This legislation creates a Quality Growth Commission that will manage a critical land conservation fund and make recommendations to the Legislature about growth issues. Both of these efforts are intended to preserve and enhance the quality of life present in the State.

Salt Lake City is the host city for the 2002 Olympic Winter Games. The 2002 Games are estimated to generate a significant amount of employment, earnings and government revenues prior to and during 2002. This impact occurs because of the externally financed activities of the organizing committee, public and private investment (most notably federal spending for transportation and public safety and private spending in the tourism industry), host broadcast expenditures, and visitor spending. State economic, demographic and financial models indicate that from 1996 through 2002 the Olympics will generate approximately 23,000 job years of employment, $972 million in earnings, and $80 to $140 million in net revenue to state and local government.

Quality growth planning efforts, the economic stimulus of the Olympics, and the ongoing diversification of the State economy position the state favorably for the future. Other factors that bode well for the State's future are its well-educated and youthful workforce; healthy lifestyles; a pro–business regulatory environment; low business taxes; and a solid utility, communications, education and transportation infrastructure.

State Highway Improvement Program

In 1998, the State began a 10–year plan to construct and improve various highways throughout the State. The estimated cost of the planned facilities is approximately $3.6 billion.

The largest component of the plan is the reconstruction and widening of the main north–south interstate highway (I–15) running through the Salt Lake City metropolitan area. The budget for I–15 is $1.59 billion. The work began in the spring of 1997 is currently on schedule and within budget and is expected to be completed in 2001.

The other projects within the 10–year plan are in various stages: completed, under construction, in the normal planning processes (including environmental studies) or to be planned.

To pay for the $3.6 billion (including retiring debt issued for this purpose) the State plans to use $1.97 billion from gas taxes, registration fees, federal funds and other sources plus $1.63 billion from the State's general fund.

Because the construction schedule for the 10–year plan, particularly the I–15 project, will require the expenditure of moneys faster than funds will be collected, it is necessary for the State to borrow money to provide sufficient cash flows to finance the program. Accordingly, the following Legislatures, authorized the issuance of general obligation bonds: the 1997 Legislature—$600 million, the 1998 Legislature—$240 million, and the 1999 Legislature—$68 million.

Liquidity and Capital Resources

Surplus

The State had an unrestricted General Fund surplus totaling $29,511,000 at June 30, 1998 of which $20,103,000 was designated for Fiscal Year Ending June 30, 1999 appropriation and $9,408,000 was unrestricted undesignated surplus.

Budget Reserve Account

The State maintains a Budget Reserve Account (the "Rainy Day Fund") which can only be used to cover operating deficits or retroactive tax refunds.

The balance of the Rainy Day Fund at the end of Fiscal Year Ended June 30, 1998 was $88,465,000 (current balance is approximately $92,389,142). The ceiling, defined in State statute as 8% of the particular year's general fund appropriation total was $116,993,000 at June 30, 1998 and is approximately $126 million for the Fiscal Year Ending June 30, 1999.

Revenues and Expenditures for Fiscal Years Ending June 30, 1999, 1998 and 1997

The following table summarizes the State's revenues and expenditures for Fiscal Years Ending June 30, 1999, 1998 and 1997:

Analysis of Operations—All Governmental Fund Types

	Estimated (*) Fiscal Year Ending June 30, 1999		Fiscal Year Ending June 30, 1998		Fiscal Year Ending June 30, 1997	
	Amount (in thousands)	Increase Over Prior Year	Amount (in thousands)	Increase Over Prior Year	Amount (in thousands)	Increase Over Prior Year
Revenues (1)						
Indiv. and corp. income taxes	$1,663,700	6%	$1,573,769	10%	$1,429,323	9%
Federal revenues	1,483,654	7	1,382,748	5	1,315,279	4
Sales tax	1,313,717	2	1,287,849	2	1,259,961	8
Other	569,349	(6)	609,367	17	519,575	5
Motor and special fuel taxes	297,000	2	290,086	35	214,758	4
Liquor profits	28,000	6	26,297	8	24,312	10
Restricted taxes (2)	25,000	(39)	40,699	1,127	3,316	(87)
Total	$5,380,420	3%	$5,210,815	9%	$4,766,524	6%
Expenditures (1)	$5,439,424	2%	$5,308,961	12%	$4,760,838	10%

(*) Estimates for June 30, 1999 were generated as of March 1999.
(1) Includes revenues and expenditures for the General Fund and Special Revenue Funds only. Excludes revenues and expenditures for the Debt Service Fund and Capital Projects Fund.
(2) Restricted taxes are the result of a change in accounting standards that require certain taxes to be recognized as revenue when they are measurable and available even if the cash is collected after the end of the fiscal year.

(Source: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

Other Considerations

The State continues to have the highest percentage in the nation of school age population compared to the working age population. There are over 450,000 public education students against a total population of just over 2,000,000. Currently, there is no enrollment growth. However, this trend is expected to change with a 2.1% increase in students in Fiscal Year 2004.

Changes in the federal budget continue to impact the State budget. As the federal government balances its own budget, states are required to pick up an increasing share of the costs.

Impact of Year 2000

As a result of computer programs and operating systems written using two digits rather than four digits to express the applicable year, many computers and software are not able to process data associated with the year 2000 (sometimes referred to as the "Year 2000" problem or the "Y2K" problem)[2]. These computers and software may recognize a date using "00" as the year 1900 rather than the year 2000, or may simply be unable to process data associated with a "00" year field. This problem is more acute for large computer users, like the State, with large mainframe systems that are many years old and that run on specially written programs and operating systems. These systems are used in accounting, budgeting, taxation, and other key statewide information processing and management systems.

The State faces risks from the Y2K problem in four areas:

(i) in the computers and software used to operate the State and its agencies on a daily basis;

(ii) in the embedded chips that control non–information processing equipment, such as elevators and other machinery, climate control systems, security systems and communications systems;

(iii) in the information technology systems and embedded chips of the third–party service and product suppliers used or relied on to conduct the State's activities; and

(iv) in connection with general economic and social conditions that could arise from significant adverse effects of the Y2K problem.

The State works through its departments and agencies, and each such department or agency has been testing its own information technology computers and software using available testing procedures and has been working to replace or repair these systems since 1992. Management of this process is centralized in the Executive Department through the Chief Information Officer and the State Y2K Coordinator, although each agency is practically allowed significant leeway to determine the types and level of testing of any repairs. Responses from the various departments and agencies indicate that as of June 30, 1999, 81% of the State's systems (over 1,200 mission and non–mission critical systems) have been repaired or replaced and successfully tested for Y2K compliance. The remaining 19% of the State's systems have been repaired or replaced and are in the final testing stages, with all tests expected to be completed by October 1, 1999. It is impossible to estimate the amount of base budget resources agencies have spent for Y2K–related issues, but since 1997 the Legislature has appropriated $18,991,000 specifically to address critical Y2K needs.

Some non–mission critical systems may not be fixed before the effects of Y2K are noticed. These systems may therefore have problems with date–related processing tasks. We cannot foresee the impact on the actual running of State offices or the public's perception of the State should these

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[2] The Y2K problem also manifests itself in other potential problems, such as the recognition of a series of "9's" by some older computers as a process end command. For example the State knows of companies that experienced computer problems on 1/9/99. There may be other such problems on the upcoming date 9/9/99.

non–mission critical failures occur. We also cannot foresee the impact on the actual running of State offices or the public's perception of the State should the repairs or replacements of mission–critical systems be found to be incomplete or not working under actual operating conditions during 2000. In addition, because of the large amount of information that comes into the State's computer systems from outside sources, both in and out of the United States, it is uncertain what effects may take place if non–compliant systems from outside the State send corrupted Y2K data into the State's computers.

State agencies are faced with innumerable embedded chip situations in myriad pieces of equipment used to conduct the business of the State. Directives to check and replace embedded chips and/or equipment were sent to agency heads, and agencies are currently carrying out this enormous task. The State has contracted for replacement of all known embedded chips in state–owned equipment and expects these replacements to be completed by November 1999. Failures of embedded chips may affect the operation of the State's buildings, including some of the Mortgaged Facilities, and could also affect communications systems used in a variety of State operations, including public safety.

A significant risk comes from third parties on whom the State relies for goods and services. These important third parties run the gamut from the suppliers of paper goods and food services to the banks that process the State's financial transactions to the electric utility companies who power the State's systems and telecommunications networks. The State must rely on assertions made by public and private utility companies that they will be compliant in material respects before January 1, 2000, or as of any earlier Y2K–critical date. We have also made numerous direct inquiries of our suppliers and have received a variety of responses, none of which may be reliable given the inherent uncertainties surrounding the Y2K situation.

The State recognizes the potential for Y2K failures even after making every attempt to assure our own and our third parties' readiness. For this reason, in February 1998 the State required each of its agencies to prepare programmatic and mission–oriented Y2K contingency plans in the event of problems with their own computer systems, major vendor systems, or embedded chips. These contingency plans serve to supplement the State's Emergency Operations Plan which is coordinated with the State's Division of Comprehensive Emergency Management. During the Summer of 1999, all agencies are testing their contingency plans with scenario–based Y2K exercises. These tests will be followed with a Statewide contingency plan exercise in September 1999. In addition, the State has several backup generators and a fully operational secondary data processing site with its own site–based power system located away from main population centers. The site was built to handle mainframe processing of mission critical applications in the event of a major natural disaster or utility outage.

Contingency plans in the event of major societal disruptions arising from some of the more extreme Y2K possibilities are in the realm of public safety and emergency management. Tax revenues and property values depend on society and the economy functioning in an orderly way. If major disruptions in the delivery of goods and services from local or State government agencies and/or the private sector develop as a result of Y2K problems, some level of economic recession and/or social disruptions could take place. Such events could have a materially adverse impact on State revenues and costs, which in turn would have an adverse impact on the Bonds. These problems could occur even if all of the State's own systems are capable of operating flawlessly with respect to Y2K.

In sum, the State is in a similar position as all other issuers of public debt securities at this time. Significant uncertainties exist with respect to Y2K that could adversely affect the State's ability to timely pay debt service on the Bonds.

Salt Lake City (the "City") is the host city for the 2002 Olympic Winter Games (the "Games"). The operating entity of the Games is the Salt Lake Organizing Committee ("SLOC"), a private non-profit corporation.

Upon the award of the Games to the City, the International Olympic Committee ("IOC") required immediate execution by the City of the Host City Agreement (the "Host City Agreement") under the conditions imposed by the IOC. The Host City Agreement provides, among other things, that the financial responsibility for the organization and staging of the Games is to be assumed by the City and SLOC and that the City and SLOC provide indemnification to the IOC for any damages relating to the Games. In turn, pursuant to an agreement among the State, the City and other parties (the "Indemnity Agreement"), the State agreed that, subject to certain constitutional restrictions, the State would indemnify the City for any liability, loss, cost or expense relating to the Games. The Agreement stipulates that, unless excused by SLOC, all parties who enter into contracts with SLOC agree to waive any claim they have against the City or the State and further agree to look only to SLOC for performance and payment. During the 1999 General Session, the Legislature adopted a provision (which subsequently became law) that states that all parties who contract with SLOC must agree in writing to waive any claim against the City or the State and agree to look solely to SLOC for payment and performance. Any contract executed after the 1999 General Session by SLOC that does not contain the aforementioned waiver is void.

Measures to control the budget of SLOC are in place, are being pursued and are being refined from time to time to ensure that the SLOC expenditures will remain within its revenues.

Using $59 million of state and local sales tax dollars, the State constructed certain winter sports facilities. SLOC has agreed to repay the $59 million plus an additional $40 million to maintain and operate such facilities following the Games. In addition, the Authority and the State–owned University of Utah have issued lease revenue bonds and revenue bonds of approximately $40 million which are intended to be repaid in part by moneys anticipated to be received by SLOC.

There has been substantial publicity over the last several months reporting the use by the Salt Lake Olympic Bid Committee (the predecessor organization to SLOC) of various inducements to influence IOC members to select the City as the site for the Games. Investigations of these matters have been or are now being conducted by various State, federal and Olympic authorities. The results and financial ramifications of such investigations cannot be predicted at this time. It is possible that the foregoing matters could materially and adversely affect SLOC's financial and operating position, including its ability to attract sponsors for the Games and its ability to meet its financial obligations. This may ultimately result in requests being made of the State by the City.

The ultimate liability, if any, of the State as a result of the aforementioned items is not currently determinable.

Five–Year Financial Summaries

The following summaries were extracted from the State's general purpose financial statements for the Fiscal Years Ended June 30, 1994 through June 30, 1998. The summaries have not been audited. Five–year historical summaries have been prepared for the Combined Balance Sheet—All Governmental Fund Types Only; Statement of Revenues, Expenditures and Changes in Fund Balance—General Fund; and Statement of Revenues, Expenditures and Changes in Fund Balance—Special Revenue Funds. The five–year summary Statement of Revenues, Expenditures and Changes in Fund Balances—Special Revenue Funds has been included to show the State's sources of revenue for and expenditures on public education and transportation.

State of Utah

Combined Balance Sheet—All Governmental Fund Types Only

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	1998	1997	1996	1995	1994
Assets:					
Cash and cash equivalents	$ 360,754	$ 279,646	$ 345,774	$ 254,350	$ 268,119
Investments	663,566	231,035	273,178	248,486	236,385
Receivables:					
Accounts	340,517	262,899	277,664	258,280	207,444
Notes / mortgages	178,933	152,834	149,356	126,568	96,829
Accrued interest	1,624	10,718	1,405	1,270	992
Accrued taxes	344,831	309,195	299,052	279,075	239,361
Unbilled	5,519	4,294	8,364	7,949	14,527
Due from other funds	106,693	75,277	74,451	65,194	36,227
Advance to other funds	23,640	–	–	–	–
Inventories	10,464	12,007	11,461	33,285	33,270
Total assets	$ 2,036,541	$ 1,337,905	$ 1,440,705	$ 1,274,457	$ 1,133,154
Liabilities, equity, and other credits:					
Liabilities:					
Vouchers payable	$ 268,088	$ 247,160	$ 237,556	$ 201,428	$ 187,092
Contracts payable	18,484	16,464	23,051	20,650	15,593
Accrued liabilities	72,780	53,258	50,095	50,008	128,771
Due to other funds	95,313	47,454	45,575	43,549	41,762
Deferred revenue	51,332	45,481	42,647	56,387	56,429
Leave/Postemployment benefits	202,759	180,468	149,528	132,316	98,331
Total liabilities	708,756	590,285	548,452	504,338	527,978
Equity and other credits:					
Fund balances:					
Reserved	1,010,987	543,893	500,850	512,090	366,368
Unreserved designated	292,947	218,797	395,435	254,143	196,014
Unreserved undesignated	23,851	(15,070) (1)	(4,032) (1)	3,886	42,794
Total equity and other credits	1,327,785	747,620	892,253	770,119	605,176
Total liabilities, equity, and other credits	$ 2,036,541	$ 1,337,905	$ 1,440,705	$ 1,274,457	$ 1,133,154

(1) This deficit is a result of contractual obligations being greater than reserved fund balance in certain funds. The deficit was anticipated and is being funded from current and subsequent years revenues and appropriations.

(Source: Division of Finance. This summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

State of Utah

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Type — General Fund

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	1998	1997	1996	1995	Restated 1994
Revenues:					
Unrestricted:					
Sales tax	$ 1,251,379	$ 1,251,735	$ 1,162,514	$ 1,054,767	$ 977,916
Licenses, permits, and fees	14,422	13,792	12,811	13,189	13,028
Interest on investments	15,411	15,205	16,814	12,321	6,374
Miscellaneous taxes and other	162,483	129,719	119,770	134,158	113,354
Total unrestricted	1,443,695	1,410,451	1,311,909	1,214,435	1,110,672
Restricted:					
Restricted sales tax	9,911	–	–	–	–
Federal contracts and grants	1,037,649	986,069	942,465	907,289	855,821
Departmental collections	144,097	138,370	136,281	136,360	135,368
Federal mineral lease	33,485	34,111	34,718	29,054	33,335
Interest on investments	13,227	11,811	9,741	8,595	2,620
Restricted taxes	12,661	13,023	10,375	9,017	12,681
Miscellaneous	47,342	44,911	38,564	30,163	36,026
Total restricted	1,298,372	1,228,295	1,172,144	1,120,478	1,075,851
Total revenues	2,742,067	2,638,746	2,484,053	2,334,913	2,186,523
Expenditures:					
Current:					
General government	230,030	248,918	234,179	224,622	210,831
Human services	300,310	518,119	500,633	491,581	471,443
Corrections	143,808	136,711	120,708	106,078	94,528
Health and environmental quality	845,137	825,786	773,423	698,530	639,825
Higher education	18,770	23,974	19,358	14,526	11,518
Natural resources	88,529	91,656	86,899	78,440	72,647
Business, labor, and agriculture	42,180	38,911	36,155	34,470	32,001
Community and economic development	70,446	81,380	81,342	71,101	67,376
Employment and family services	285,602	–	–	–	–
Public safety	87,703	83,515	79,745	72,860	65,802
Leave/Postemployment benefits	21,641	24,398	13,568	26,886	5,912
Debt service:					
Principal retirement	–	–	–	–	810
Interest and other charges	–	–	–	–	827
Total expenditures	2,134,156	2,073,368	1,946,010	1,819,094	1,673,520
Excess revenues over (under) expenditures	607,911	565,378	538,043	515,819	513,003
Other financing sources (uses):					
Proceeds of revenue bonds / contracts	954	–	2,823	–	5,721
Proceeds of general obligation bonds	8,761	–	–	–	–
Operating transfers in	176,856	113,836	69,108	70,903	71,491
Operating transfers out	(219,312)	(248,573)	(136,887)	(147,855)	(142,304)
Operating transfers to component units	(463,272)	(442,909)	(416,109)	(396,354)	(367,375)
Total other financing sources (uses)	(496,013)	(577,646)	(481,065)	(473,306)	(432,467)
Excess of revenues over (under) expenditures and other uses	111,898	(12,268)	56,978	42,513	80,536
Beginning fund balance	416,539	439,158	386,513	345,361	228,118
Adjustments to beginning fund balance	(485)	–	–	–	60,844
Beginning fund balance as adjusted	416,054	439,158	386,513	345,361	288,962
Residual equity transfers	(8,252)	(10,351)	(4,333)	(1,361)	(24,137)
Ending fund balances	$ 519,700	$ 416,539	$ 439,158	$ 386,513	$ 345,361

(Source: Division of Finance. This summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

State of Utah

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Type — Special Revenue Funds

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	1998	1997	1996	1995	1994
Revenues:					
Unrestricted:					
Sales tax	$ 8,654	$ 8,226	$ 7,606	$ 7,103	$ 6,371
Individual income tax	1,377,494	1,237,332	1,139,080	1,026,803	925,004
Corporate tax	196,275	191,991	176,781	157,901	125,191
Motor and special fuel tax	290,086	214,758	206,904	196,422	187,377
Licenses, permits, and fees	69,572	50,694	54,701	52,340	49,533
Interest on investments	27,622	5,606	3,509	5,454	4,639
Miscellaneous taxes and other	485	28	26	3,959	6,918
Total unrestricted	1,970,188	1,708,635	1,588,607	1,449,982	1,305,033
Restricted:					
Federal contracts and grants	345,099	329,210	324,167	285,851	285,890
Departmental collections	30,131	25,393	13,587	22,094	17,196
Miscellaneous	28,277	25,021	20,131	13,628	13,784
Interest on investments	51	24	7	499	2,072
Aeronautics	22,762	24,890	35,122	49,701	37,034
Restricted taxes	28,038	(9,707)	14,906	27,474	6,866
Restricted sales taxes	17,905	–	–	–	–
Total restricted	472,263	394,831	407,920	399,247	362,842
Total revenues	2,442,451	2,103,466	1,996,527	1,849,229	1,667,875
Expenditures:					
Current:					
Business, labor, and agriculture	243	196	152	80	174
Community and economic development	2,401	3,004	1,243	782	687
Public education	1,676,668	1,651,282	1,476,565	1,299,052	1,217,741
Transportation	1,038,522	585,499	466,905	424,208	413,750
Leave/Postemployment benefits	(76)	7,261	4,994	8,347	1,446
Federal Retiree's Settlement	–	–	72	805	18,391
Total expenditures	2,717,758	2,247,242	1,949,931	1,733,274	1,652,189
Excess revenues over (under) expenditures	(275,307)	(143,776)	46,596	115,955	15,686
Other financing sources (uses):					
Proceeds of general obligation bonds	851,084	–	–	14,300	10,000
Operating transfers in	161,146	128,908	54,900	43,737	39,893
Operating transfers out	(238,296)	(97,722)	(52,303)	(54,348)	(45,303)
Total other financing sources (uses)	773,934	31,186	2,597	3,689	4,590
Excess of revenues over (under) expenditures and other uses	498,627	(112,590)	49,193	119,644	20,276
Beginning fund balance	210,026	322,616	273,886	154,242	68,468
Adjustments to beginning fund balance	–	–	–	–	65,615
Beginning fund balance (as adjusted)	210,026	322,616	273,886	154,242	134,083
Residual equity transfers	–	–	(463)	–	(117)
Ending fund balances	$ 708,653	$ 210,026	$ 322,616	$ 273,886	$ 154,242

(Source: Division of Finance. This summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

Ad Valorem Property Tax System

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information. As described herein, the 1999A Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the State or the Issuer. See "INTRODUCTION—Risks Inherent In The Ownership Of The 1999A Bonds—Limited Obligations" above.

Ad Valorem Tax Levy and Collection for State Purposes

The State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal of and interest on its general obligation bonds from sources other than ad valorem taxes imposed on all taxable property of the State, the State Tax Commission would be required to collect ad valorem property taxes.

By May 1 of each year the State Tax Commission assesses all property required by law to be assessed by the State Tax Commission, at 100% of fair market value, as valued on the next preceding January 1. If the owner of any property assessed by the State Tax Commission or any county with a showing of reasonable cause objects to the assessment, either party may, on or before June 1, apply to the State Tax Commission for a hearing. The State Tax Commission must set a time for hearing the objection and render a written decision. At the hearing the State Tax Commission may increase, lower or sustain the assessment for the reasons provided by law. Appeals from decisions of the State Tax Commission are filed in District Court, the Utah Court of Appeals or the Utah Supreme Court.

Before May 25, the State Tax Commission is required to apportion the total assessment of all property assessed by it to the several counties, cities, towns, school districts, and other taxing districts in the manner provided by law. Before June 1, the State Tax Commission is required to transmit to the county auditor of each county to which an apportionment has been made a statement showing the property assessed and the value of the same, as fixed and apportioned to the county, and to the cities, towns, school districts and other taxing districts within the county.

Before June 22 of each year the State Tax Commission determines the rate of State tax to be levied and collected upon the taxable value of all property in the State sufficient to raise the amount of revenue specified by the Legislature for general State purposes. The State Tax Commission must transmit to the County Auditor of each county and to the State Auditor a statement of that rate.

The County Auditor is required to deliver the assessment rolls, with the taxes extended, all orders of the county board of equalization and State Tax Commission posted and all relief granted, prior to the time of mailing the original tax notice, to the County Treasurer who is then required to mail a tax notice to all property owners that sets out the aggregate amount of taxes to be paid for State, county, city, town, school and other purposes.

Property Tax Act

The State Constitution and the Property Tax Act, Chapter 2, Title 59, Utah Code (the "Property Tax Act"), provides that all tangible property within the State is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its "fair market value" as of January 1 of each year, unless otherwise provided by law. "Fair market value" is defined in the Property Tax Act as "the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." Determinations of "fair market value" shall take into account the current zoning laws applicable to the property in question. Section 2 of Article XIII of the State Constitution provides that the Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the Legislature has provided that the "fair market value" of primary residential property shall be reduced by 45% for tax year 1995 and thereafter. No more than one acre of land per residential unit may qualify for the residential exemption.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property ("centrally–assessed property"), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal properties and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. All other taxable property ("locally–assessed property") is required to be assessed by the county assessor of the county in which such locally–assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data. Each county assessor must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its "fair market value."

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the "fair market value" of taxable property.

Many areas within the State have agricultural farmland devoted to the raising of useful plants and animals. For general property tax purposes, agricultural land is assessed based on statutory requirements and the value which the land has for agricultural use or on its agricultural value.

State Mandated Minimum School Program Property Tax. Before June 15, the State Tax Commission ascertains from the State Board of Education the number of weighted pupil units in each school district in the State for the school year commencing July 1 of the current calendar year, estimated according to the State–Supported Minimum School Program (the "Minimum School Program"), and the money necessary for the cost of the operation and maintenance of the Minimum School Program of the State. The State Tax Commission then estimates the amounts of all surpluses in the Uniform School Fund, as of July 1 of the current calendar year, available for the operation and maintenance of the program, and estimates the anticipated income to the fund available for those purposes from all sources, including revenues from taxes on income or from taxes on intangible property.

The State Tax Commission then determines for each school district the amount to be raised by the minimum basic tax levy as its contribution toward the cost of the Basic State–Supported School Program (the "Basic Program"), as required by the Minimum School Program. If the levy raises an amount in excess of the total Basic Program for a school district, the excess amount shall be remitted by the school district to the State Board of Education to be credited to the Uniform School Fund for allocation to school districts to support the Basic Program. If the levy does not raise an amount in excess of the total Basic Program for a school district, then the difference between the amount which the local levy will raise within the school district, and the total cost of the Basic Program within the school district shall be computed and the difference, if any, shall be apportioned from the Uniform School Fund to each school district as the contribution of the State to the Basic Program for the school district.

In order to qualify for receipt of the State contribution toward the Basic Program and as its contribution towards its costs of the Basic Program, each school district is required to impose a minimum basic tax rate (which rate is established and authorized each year by the Legislature). Beginning July 1, 1996, the Legislature authorized a levy not to exceed the "certified revenue levy," for school districts contribution toward the costs of the Basic Program. "Certified revenue levy" means a property tax levy that provides the same amount of ad valorem property tax revenue as was collected for the prior year, plus new growth, but exclusive of revenue from collections from redemptions, interest, and penalties.

Uniform Fees. In 1992, an annual statewide uniform fee was levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The uniform fee is equal to 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State excluding exempt property (aircraft, and property subject to the fixed age based fee). On January 1, 1999, legislation became effective which made motor vehicles weighing 12,000 pounds or less subject to an "age based" fee which is due each time the vehicle is registered. The age based fees is for passenger type vehicles and ranges from $10 to $150 based on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. Beginning in the year 2000, the uniform fee for aircraft will start being reduced every year until the year 2002. For the year 2000, the uniform fee for aerial applicators will be reduced from 0.5% to 0.4% and the uniform fee for all other aircraft will be reduced from 1% to 0.8%.

Property Tax Valuation Agency Fund. Commencing January 1, 1994, the State created the Property Tax Valuation Agency Fund (the "PTVAF"), to be funded by a statewide levy not to exceed .000300 per dollar of taxable value of taxable property. The levy is the responsibility of each county and is separately stated on the tax notice as a "state assessing and collection" levy. The purpose of the statewide levy is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes. Distribution of funds in PTVAF to each county, is based on statutory qualification and requirements. Additionally, each county may levy an additional property tax up to .000200 per dollar of taxable value as a "county assessing and collection" levy. If necessary, a county may levy an additional levy to fund state mandated reappraisal programs.

Beginning in the fiscal year ending June 30, 1997, and subject to statutory adjustments thereafter, the Legislature is required to authorize a levy not to exceed (unless it provides public notice thereof) the "certified revenue levy" to fund PTVAF.

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Taxable, Fair Market, and Market Value of All Property in the State

Excluding Fee–In–Lieu Valuation

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value	% Change Over Prior Year
1998	$90,181,627,714	7.7%	$124,865,180,198	7.7%
1997	84,453,664,295	11.4	116,955,908,541	12.2
1996	75,815,759,120	12.3	104,266,318,689	12.6
1995	67,528,832,981	13.9	92,588,274,949	30.4
1994	59,275,160,883	7.7	71,016,332,668	5.7

Including Fee–In–Lieu Valuation

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value	% Change Over Prior Year
1998	$99,916,962,976	7.3%	$134,600,515,460	7.3%
1997	93,202,826,647	11.7	125,705,070,893	12.4
1996	83,435,302,159	12.4	111,885,861,728	12.7
1995	74,212,121,560	12.6	99,271,563,528	27.8
1994	65,906,136,839	9.0	77,647,308,624	6.9

(1) Taxable values were calculated by reducing the fair market/market value of primary residential property by 45% for the tax years 1998, 1997, 1996 and 1995, and 32% for the tax year 1994, representing a partial property tax exemption for such property.

Source as to Taxable Value: Property Tax Division, Utah State Tax Commission

(Source: Financial Advisor.)

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Historical Summaries Of Taxable Values Of Property

	1998		1997	1996	1995	1994
Set by State Tax Commission—Centrally Assessed	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Power companies	$ 4,892,910,463	4.9 %	$ 5,114,896,800	$ 5,357,852,350	$ 5,380,284,630	$ 5,648,502,270
Telephone and telegraph companies	1,908,781,130	1.9	2,148,610,160	1,844,607,450	1,578,999,420	1,661,040,840
Metalliferous mining companies	1,566,255,145	1.6	1,662,780,276	1,677,556,640	1,541,615,810	1,143,456,395
Oil and gas companies	1,346,591,976	1.3	1,229,252,447	957,020,118	970,810,640	1,316,296,278
Pipe line companies	667,960,380	0.7	673,598,350	801,335,670	782,503,570	910,845,020
Air line companies	640,140,250	0.6	653,817,450	651,935,960	601,507,630	526,079,370
Coal and mining companies	623,875,857	0.6	348,784,460	302,661,070	295,366,730	324,476,570
Railroad and terminal companies	529,491,480	0.5	630,568,370	559,750,400	553,123,740	574,022,720
Other non–metalliferous mining companies	417,120,554	0.4	343,769,070	274,737,420	276,654,990	267,733,020
Gas companies	389,295,380	0.4	455,247,170	360,096,300	326,707,110	359,149,530
Sand and gravel companies	172,883,433	0.2	127,848,585	97,599,960	94,597,530	89,438,435
Car rolling stock	78,507,535	0.1	77,226,940	75,602,936	70,165,748	62,223,052
Bus line companies	–	–	18,805,458	2,139,541	40,066,604	39,579,130
Bus rolling stock	–	–	225,823	94,346,894	79,142,153	49,798,102
Total centrally assessed	13,233,813,583	13.2	13,485,431,359	13,057,242,709	12,591,546,305	12,972,640,732
Set by County Assessor—Locally Assessed						
Residential real estate—primary use	10,307,092,971	10.3	9,747,521,428	8,307,171,186	6,850,548,412	5,417,708,613
Commercial and industrial real estate	5,326,118,025	5.3	4,935,086,167	4,400,089,861	3,917,561,589	4,011,804,763
Unimproved real estate—not FAA	3,421,337,438	3.4	2,990,199,305	2,268,841,234	1,975,261,819	1,411,279,345
Residential real estate—not primary use	1,997,130,148	2.0	2,012,043,734	1,690,357,938	1,389,294,149	1,005,947,003
Real estate—under FAA—agricultural	519,660,239	0.5	540,857,029	916,002,817	784,452,729	432,570,154
Agricultural real estate—improved—not FAA	–	–	320,363	54,472	64,330,589	335,839,454
Total real estate	21,571,338,821	21.6	20,226,028,026	17,582,517,508	14,981,449,287	12,615,149,332
Residential buildings—primary use	31,838,323,462	31.9	29,772,582,663	26,309,665,891	23,651,804,609	19,394,769,736
Commercial and industrial buildings	12,857,704,260	12.9	11,901,221,351	10,642,826,410	8,976,127,678	7,760,289,649
Residential buildings—not primary use	2,847,107,106	2.8	2,138,106,190	1,922,836,169	1,549,329,327	1,178,137,744
Agricultural buildings	298,093,788	0.3	263,422,798	251,148,154	240,358,485	240,098,653
Total buildings	47,841,228,616	47.9	44,075,333,002	39,126,476,624	34,417,620,099	28,573,295,782
Total real property	69,412,567,437	69.5	64,301,361,028	56,708,994,132	49,399,069,386	41,188,445,114
Fee in lieu property (1)	9,735,335,262	9.7	8,749,162,352	7,619,543,039	6,683,288,579	6,630,975,956
Other personal property	7,263,390,860	7.3	6,443,245,341	5,879,311,484	4,184,999,118	1,475,494,680
Mobile homes—primary residential use	245,592,159	0.2	204,861,098	156,069,063	125,853,829	137,511,695
Mobile homes—other use	26,263,675	0.0	18,765,469	14,141,732	11,950,644	7,317,425
Commercial and industrial property	–	–	–	–	781,916,797	2,132,149,130
Agricultural machinery	–	–	–	–	5,783,380	10,949,013
Trade fixtures	–	–	–	–	427,713,522	1,350,653,094
Total personal property	17,270,581,956	17.3	15,416,034,260	13,669,065,318	12,221,505,869	11,745,050,993
Total locally assessed	86,683,149,393	86.8	79,717,395,288	70,378,059,450	61,620,575,255	52,933,496,107
Total taxable value	$ 99,916,962,976	100.0 %	$ 93,202,826,647	$ 83,435,302,159	$ 74,212,121,560	$ 65,906,136,839
Total taxable value (less fee in lieu)	$ 90,181,627,714		$ 84,453,664,295	$ 75,815,759,120	$ 67,528,832,981	$ 59,275,160,883

(1) See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Ad Valorem Tax System" above.

(Source: Property Tax Division, Utah State Tax Commission.)

Budgetary Procedures

Budgetary Procedures Act. The Budgetary Procedures Act, Title 63, Chapter 38, Utah Code (the "Budget Act") establishes the process through which the State budget is prepared by the Governor and prescribes all information to be included in the Governor's budget. Portions of the Budget Act are summarized below.

The Governor is required to submit a budget to the Legislature for each fiscal year. The budget is required to show, among other things, (i) a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, (ii) the revenues and expenditures for the last fiscal year, and (iii) current assets, liabilities and reserves, any surplus or deficit and the debts and funds of the State. The budget is required to include an itemized estimate of appropriations for payment and discharge of the principal and interest of the indebtedness of the State, among other things. Deficits or anticipated deficits must be included in the budget.

The total appropriations requested for expenditures authorized by the budget must not exceed the estimated revenues from taxes, fees and all other sources for the next ensuing fiscal year.

The Budget Act applies to all moneys appropriated by the Legislature. Unless specifically exempted by the appropriations act, all departments, agencies and institutions of the State that accept moneys appropriated do so subject to the terms and provisions of the Budget Act. No appropriation or any surplus of any appropriation may be diverted from the department, agency, institution or division for which they were appropriated. Appropriated moneys may be subject to any restrictions set forth in the appropriation or any schedules or other restrictions provided by the Legislature. Transfers of moneys from one purpose or function to another within an item of appropriation are permissible at the discretion of the Governor as provided in the Budget Act. Appropriated moneys may not be transferred from one item of appropriation to any other item of appropriation without legislative approval.

Unexpended Balances. Except for certain funds detailed in the Budget Act or funds that may be exempted by the annual appropriations act, the Director of Finance must, at the end of each fiscal year, close out to the proper fund or account for all remaining unexpended and unencumbered balances of appropriations made by the Legislature.

Budgetary Controls. The Director of Finance is required to exercise accounting control over all State departments, institutions and agencies other than the Legislature and legislative committees. The Director of Finance must require the head of each department to submit not later than May 15 of each year a work program (budget) for the ensuing fiscal year. Such program must include all funds from any source whatsoever made available to each department for its operation. The Director of Finance and the State Budget Officer are required to review the work program of each department. The Director of Finance must, if the Governor deems necessary, revise, alter, decrease or change such work programs before or after approving the same. The aggregate of such work programs must not exceed the total appropriations or other funds from any source whatsoever made available to each department for the fiscal year in question. The Director of Finance must permit all expenditures to be made on the basis of such work programs. The Director of Finance is required to examine and approve or disapprove all requisitions and requests for expenditures of any department, except the judicial department and salaries or compensation of officers fixed by law.

State Funds And Accounting

The Division of Finance maintains its accounting records in accordance with State law and in accordance with generally accepted accounting principles.

Four major fund groups are accounted for as governmental fund types. These include the General Fund, the Special Revenue Fund (comprised of the Uniform School Fund, Transportation Fund, Sports Authority Fund and several other minor funds), the Capital Projects Fund and the

Debt Service Fund. An additional five major fund groups are accounted for as proprietary or fiduciary fund types or account groups. These include the Enterprise Funds, the Internal Service Funds, the Trust and Agency Funds, the General Fixed Assets Account Group and the General Long Term Debt Account Group. Component units (which include Colleges and Universities and other proprietary–type entities) are maintained in separate accounts.

In 1980, many of the State's separate funds were reorganized and restructured to bring the fund structure into compliance with generally accepted accounting principles ("GAAP") as required by law. A description of the four governmental fund groups follows.

General Fund

The General Fund is the principal fund from which appropriations are made for State operations. It is specifically maintained to account for all financial resources and transactions not accounted for in another fund. The General Fund receives all State sales taxes, which comprise the largest source of this Fund's revenues. Other principal sources of revenues include Federal contracts, grants and mineral lease payments, State departmental collections and miscellaneous licenses, fees and taxes. Funding for debt service on the State's general obligation bonds is usually appropriated from the General Fund and transferred to the various bond sinking funds within the Debt Service Fund.

Special Revenue Funds

Uniform School Fund. The Uniform School Fund currently receives all individual income and corporate franchise taxes, which together comprise the majority of revenues to the Fund. Federal grants and contracts related to State public education funding are a secondary source of revenues. If the revenues of the Uniform School Fund are insufficient, appropriations are made from the General Fund to assist in financing the State's portion of the State–Supported Minimum School Program as provided by law.

If revenues deposited into the General Fund are not sufficient to permit transfers to the Uniform School Fund as provided by appropriation, the Director of Finance, with the approval of the Governor, must withhold such transfers during the fiscal period. If this withheld transfer creates a deficit in the Uniform School Fund, the Legislature must provide funding to make up the deficit in the subsequent fiscal year.

Transportation Fund. The Transportation Fund receives all motor and special fuel taxes and car and truck registration taxes, though its largest source of funding has typically been from Federal grants and contracts.

Sports Authority Fund. The Utah Sports Authority Fund was established in 1990 to receive and expend $^{1}/_{32}$% sales tax received from January 1, 1990 through December 31, 1999 for the construction of winter sports facilities.

Centennial Highway Fund. The Centennial Highway Fund was established in 1997 to account for all Centennial Highway projects, the largest of which is the I–15 reconstruction project. Sources of revenue include federal grants, restricted vehicle registration fees, bond proceeds, investment earnings, and appropriations from the General and Transportation Funds.

Capital Projects Fund

The Capital Projects Fund accounts for transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are principally derived from operating transfers from the General Fund and from bond proceeds.

Debt Service Fund

All State general obligation bond and certain revenue bond principal and interest payments are made from individual sinking funds within the Debt Service Fund. Investment earnings on moneys held in the sinking funds (except as may be required by the proceedings authorizing the issuance of particular series of bonds), transfers from the General Fund or Special Revenue Funds and certain pledged revenues are the only sources of funding for this fund.

State Tax System

The State's tax revenues are derived primarily from sales and use taxes, individual income taxes, motor fuel taxes, corporate franchise (income) taxes and also from numerous smaller sources including excise taxes on insurance premiums, beer, cigarettes and tobacco, severance taxes, investment income and numerous court and business regulation fees. These fees and taxes are regulated by the Legislature.

The State also receives revenues from unemployment compensation taxes (which tax is regulated by the Federal government and set by a state setup corporation) and workers' compensation taxes (which tax is regulated by a quasi–state agency).

The State also has authority to levy and collect ad valorem property taxes, but has not done so since 1974. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Ad Valorem Property Tax System" above.

In addition to the State's tax system, counties, cities and towns have authority to levy and collect sales and use taxes and property taxes. School districts, some special service areas and some special service districts have the authority to levy property taxes.

Property Tax

Property taxes are based on property valuation. Assessment levels are uniform throughout the State, but tax rates vary from entity to entity. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Ad Valorem Property Tax System" above.

Individual Income and Corporate Franchise (Income) Tax

Individual Income Tax. The State is one of 43 states that impose an individual income tax. Following a general trend, in 1973 the State adopted Federal definitions of, and amounts for, personal exemptions, standard deductions and itemized deductions. Subsequent legislatures, however, did not adopt new, indexed personal exemption amounts and standard deductions until 1987. The 1987 reform updated to the current Federal definitions, but reduced the amount of the personal exemption to 75% of the amount of the Federal personal exemption, and eliminated the deduction for Federal income taxes paid. The definitions of the personal exemption (of 75% of the amount of the Federal exemption) and standard deduction now track with Federal definitions and are indexed for inflation. In addition, subsequent legislatures restored the Federal income tax deduction to 50%. The individual income tax rates are graduated from 2.3% to 7%, with the top rate applying to taxable incomes over $7,500 for those filing jointly or qualified heads of households, and taxable incomes over $3,750 for single individuals.

Corporate Franchise (Income) Tax. The State imposes a tax on corporate net income apportioned to the State. The rate is 5%. Federal taxes are not deductible. Currently, the minimum tax is $100.

Prior to Fiscal Year Ending June 30, 1996 all net revenues from the corporate franchise tax and individual income tax were available to fund local school districts under the State–Supported Minimum School Program. Beginning in Fiscal Year Ending June 30, 1997, a portion of revenues from taxes on income were used to fund the higher education system. For the Fiscal Years Ended

June 30, 1998 and June 30, 1999, $97.7 million and $131.2 million, respectively, will have been used to fund higher education.

Sales and Use Tax

In 1933, a general sales tax was imposed to relieve the burden on the property tax and to bolster State revenues. The original tax rate imposed in 1933 was 0.75%. Currently, the state sales and use tax rate is 4.75% of the purchase price of tangible personal property and certain services. The tax rate for gas, electricity, heat, coal, fuel oil or other fuels sold for residential use is 2%.

Sales tax is applicable to retail sales of tangible personal property and taxable services performed from a place of business in the State. Use tax applies to (a) goods shipped to the State for use, storage, or other consumption, (b) goods purchased outside of the State for use, storage, or other consumption in Utah, and (c) services subject to tax but performed outside the State for use, storage, or other consumption in State.

In general, State sales and use taxes are imposed based on retail sales or use of tangible personal property, admissions, meals, utility services, general services on tangible personal property, hotel and motel accommodations, and certain other items.

The State requires its largest sales taxpayers (with annual liabilities more than $50,000) to pay on a monthly basis. Those vendors with a prior–year sales tax liability of more than $96,000 are required to pay via electronic transfer. Monthly sales taxpayers and those paying via electronic funds transfer receive a 1.5% discount on state taxes and a 1% discount on local sales taxes. Because approximately 75% of the sales tax is now remitted monthly, the State's cash flow has less variations.

In November 1989, voters approved the allocation and use of a limited amount of sales tax proceeds to support the State's efforts to be awarded the 1998 or 2002 Olympic Winter Games. The voters authorized the allocation of tax proceeds generated by a $^{1}/_{64}$% tax rate on the items on which sales and use taxes are imposed by the State and an additional allocation of tax proceeds generated by a $^{1}/_{64}$% tax rate on the items on which sales and use taxes are imposed by the local governments adopting the optional local sales and use tax. No new taxes were imposed for this special purpose but it reallocated a small part of the taxes already imposed. These limited tax revenues will be applied in this manner from January 1, 1990 until December 31, 1999. Beginning January 1, 2000, proceeds generated by a $^{1}/_{64}$% tax rate will be deposited into the Centennial Highway Fund.

Beginning July 1, 1997, 1/8% of the State rate was apportioned 50% to the Water Resources Conservation and Development Fund and 50% to state and local transportation projects. Allowable water projects are: funding assistance to the Central Utah Project, conducting special hydrologic and geotechnical investigations, funding dam safety improvement, and protecting the State's interest in interstate water compact allocations. Sanctioned transportation projects include call B (city) and class C (county) roads, as well as special transportation corridor preservation and state park roads.

The 1998 Legislature authorized a statewide 2.5% motor vehicle rental tax on all short–term leases and rentals not exceeding 30 days to fund the Transportation Corridor Preservation Revolving Loan Fund.

Local Taxes

Local Sales and Use Tax. In addition to the State's sales and use taxes, a uniform local sales and use tax of 1% applies in counties, cities and towns which have adopted the local tax ordinance, 50% of which local sales tax revenue is allocated on the basis of direct point of sale and 50% is allocated on the basis of population. As of July 1, 1997, the local sales and use tax plus the 4.75% state sales and use tax amounts to a minimum 5.75% sales tax throughout the State.

Public Transit and Highways Tax. Counties, cities and towns within an organized transit district (which includes most cities in Utah County, Salt Lake County, Davis County, and Weber County and some cities in Tooele County, Cache County, Box Elder County and Summit County) may impose, in addition to other sales and use taxes, a sales and use tax levy of 0.25% on the same items to which other authorized sales and use taxes apply to fund a public transportation system, if approved by the voters in a separate election. Cities not in an organized transit district may adopt a “highways tax” at 0.25% for construction and maintenance of highways. Currently 17 cities off the Wasatch Front have adopted this tax.

Other Local Taxes. In addition to the forgoing taxes certain counties, cities or towns may impose a number of other miscellaneous taxes including: a county–imposed transient room tax not to exceed 3% of rent; a resort communities sales tax of up to 1%; an additional resort communities tax of up to 0.50% for communities whose transient room capacity is greater the or equal to 66%; a tourism, recreation, and convention facilities tax not to exceed 0.50% of rent for room occupancy for first class counties (Salt Lake), 1% of sales of prepared foods and beverages sold by restaurants, up to 7% of short–term vehicle rentals; a rural county hospital and nursing care or rural county health care facilities sales and use tax of up to 1%; a rural city hospital sales and use tax up to 1%; a recreational facilities and botanical, cultural, and zoological organization sales and use tax of 0.10%; and a municipal energy sales and use tax of up to 6%.

The 1997 Legislature authorized additional local taxes to assist localities in diversifying revenue structures and paying for tourist costs: (i) a county option sales tax of 0.25% which is offset by property tax reduction of the same amount in the first year of implementation (if counties imposing such tax comprise 75% of the State’s population, a 50% population/50% point of sale distribution formula is activated), (ii) transient room tax for municipalities of up to 1%, (iii) an additional transient room tax of up to 0.50% under certain debt conditions, (iv) after voter approval, an additional municipal highway tax of 0.25%. Provisions were also enacted which modified a municipality’s ability to collect business license fees.

The 1998 Legislature also provided for a 1% town option sales tax for certain towns which had levied a business license tax based on gross receipts prior to 1996.

Unemployment Compensation Tax

Employers of one or more persons in the State are subject to the State’s unemployment tax, the proceeds of which are used to finance benefit payments to unemployed workers. The tax is based on employee earnings, with the rate depending on several factors including annual and quarterly payroll stability and the age of the firm. As of June 30, 1998, the unemployment compensation trust fund had a fund balance of $586,781,000.

Workers’ Compensation Tax

Primary Insurance. Employers doing business in the State must provide worker’s compensation insurance coverage for their employees in one of three ways. They may insure with the Workers’ Compensation Fund of Utah (“WCF”), a non–profit, quasi–public corporation; or they may insure with a private insurance carrier authorized to transact the business of workers’ compensation insurance in the State; or, with the approval of the State Industrial Commission, they may be self–insured. If the employer chooses to be insured by WCF or a private insurance carrier, the premium rates paid depend on the individual employer’s claim loss experience as well as the particular industry in which the employer operates.

Employers’ Reinsurance Fund. The Employers’ Reinsurance Fund (“ERF”), covers employers for liability arising from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from an accident or disease arising out of and in the course of the employee’s employment on or after July 1, 1994, the employer or its insurance carrier is liable for permanent total disability compensation. By statute, each year the State Industrial Commission must establish a premium tax within a 7.25% maximum based upon the recommendation of an actuary for payment by insurers and self–insured employers. This assessment is designed to enable ERF to provide for the payment of benefits and expenses for the coming year and to ensure that the ERF's assets are greater than its liabilities by no later than June 30, 2025, and leave an indexed cash reserve of approximately $5 million at the end of each fiscal year. While the revenues collected each year are sufficient to cover ERF's current expenses, ERF would have to maintain a reserve balance of approximately $275 million if it were to be deemed actuarially sound in the same manner as an insurance company. In 1994 the Legislature passed legislation limiting the State's liability to the cash or assets in the ERF only. By statute the State is not liable for the debts and obligations of the ERF. See "APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Combined Financial Statements—Note 10. Deficit Fund Balances/Retained Earnings" herein.

Uninsured Employers' Fund. To assist in paying workers' compensation benefits to employees whose employers are insolvent, or are otherwise unable to pay the benefits owed to their employees, the State established an Uninsured Employers' Fund ("UEF"), in 1984. UEF is funded by a premium tax in the same manner as ERF except that self–insured employers may be assessed an amount necessary to pay benefits due an employee of an insolvent self–insured and a subrogation right exists against any employer failing to make compensation payments. As with ERF, the State Industrial Commission must, based on the recommendation of an actuary, establish a premium assessment of between 1% and 8% annually to provide payments of benefits and expenses from UEF and to maintain it at a funded condition with assets equal to or greater than its liabilities, along with sufficient reserves to provide an indexed cash reserve at the end of each fiscal year of $2 million. The State Tax Commission is to remit for the premium assessment collected an amount up to 0.50% and any remaining assessed percentage of the premium income for credit to the UEF. The maximum premium tax rate is 0.50%. The liability of the State with respect to the payment of any compensation benefits, expenses, fees or disbursements properly chargeable against the UEF, is limited to the assets of the fund. By statute, the State is not otherwise liable for the making of any UEF payment. See "APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Combined Financial Statements—Note 10. Deficit Fund Balances/Retained Earnings" herein.

Severance Taxes

Since 1937, the Legislature has provided for the levy of a mine occupation or severance tax on production and sale of oil, gas and metalliferous minerals in the State, including copper, lead, gold, silver, zinc, iron, tungsten, uranium, vanadium, and other valuable minerals.

Oil and Gas. The severance tax on oil is 3% of the value, at the well, up to and including, the first $13 per barrel, and 5% of the value at the well from $13.01 and above per barrel, and for gas, the severance tax is 3% of the value at the well, up to and including, $1.50 per million cubic feet ("mcf"), and 5% of the value from $1.51 and above per mcf. The rate on natural gas liquids is 4%. No severance tax is imposed on the first $50,000 annually in gross value of each oil or gas wells, or on any production from low–producing wells, or on any production of new wells during the first six or 12 months (depending on whether the well was drilled in a developed area). A 50% reduction in the tax rate is imposed upon the incremental production achieved from an enhanced recovery project. A tax credit equal to 20% of the amount paid for a recompletion or workover of a well is also allowed, with the credit limited to $50,000 per well during each calendar year through December 31, 1994, and beginning January 1, 1995, $30,000 per well through December 31, 2004, after which the authorization for this credit will expire.

Mining. The severance tax on mines is 2.6% of the taxable value of all metals or metalliferous minerals sold or otherwise disposed of in the State or shipped out of State. The taxable value for all metals is 30% (except beryllium which is 20%) of the gross proceeds, but if the metal is shipped out of State as "ore," the taxable value is 80% of the gross proceeds. Metals or metalliferous minerals stockpiled are not subject to the tax until they are sold or shipped out of the State, unless they are stockpiled longer than two years. An annual exemption from the tax of $50,000 in gross value of the metalliferous mineral is allowed for each mine.

Highway Users' Taxes

Highway users' taxes can be divided into four major categories: motor and special fuel taxes; motor vehicle registration and title fees; fees charged for the issuance of driver licenses; and additional fees charged to intrastate and interstate truck fleets. Motor and special fuel taxes is $0.245 per gallon on distributions of gasoline and diesel fuel. For clean fuel, the tax is 3/19 of $0.245, rounded up to the nearest penny. Revenues from these two sources constitute the bulk (almost 80%) of highway user taxes. Funds are used almost entirely for: State highway construction and maintenance; distribution to cities and counties for use on local roads and streets; policing the highways; and administrative and regulatory purposes in connection with the use of roads.

Miscellaneous Taxes and Fees

The State collects a number of miscellaneous taxes and fees. Most important of these are the insurance premium tax, cigarette and tobacco tax, wine and liquor tax, inheritance tax, environmental surcharge, waste tire fee, and fish and game license fees. Other significant State revenue sources include license taxes and fees collected by colleges, institutions and State departments.

Freeport Exemption

In 1963, the so–called "Freeport Amendment" to the State Constitution was approved, exempting from the property tax "tangible personal property present in the State on January 1 . . . which is held for sale or processing and which is shipped to final destination outside this state within twelve months." The purpose of the amendment was to give the State preferred status as a distribution center for goods (manufactured within or without the State) to be shipped to markets in the surrounding areas, including the Pacific Coast.

Inventory Exemption

A law enacted in 1969 eliminated the State's inventory tax. Since January 1, 1973, the State has imposed no ad valorem taxes on inventory of any kind in any place in the State.

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State Revenues

The State receives revenues from three principal sources: (a) taxes and licenses; (b) Federal grants–in–aid; and (c) miscellaneous charges and receipts, including fees, the State's share of mineral royalties, and bonuses on Federal land.

	Fiscal Year Ended June 30 (in thousands)									
	Estimated 1999 (*)	% (1)	1998	% (1)	1997	% (1)	1996	% (1)	1995	% (1)
Taxes and licenses (2)	$3,527,596	65	$3,441,699	65%	$3,119,086	65%	$2,900,516	63%	$2,664,417	63%
Federal contracts and grants	1,483,654	27	1,382,748	26	1,315,279	27	1,266,632	28	1,193,140	28
All other misc. revenues (3)	415,336	8	474,754	9	387,847	8	401,332	9	384,638	9
Total all funds	$5,426,586	100%	$5,299,201	100%	$4,822,212	100%	$4,568,480	100%	$4,242,195	100%

(*) Estimates for June 30, 1999 were generated as of March 1999.
(1) Percentage of Total Governmental Fund Revenue.
(2) Includes sales, income, corporate and fuel taxes; licenses, fees and permits; interest on investments; and other unrestricted miscellaneous taxes.
(3) Includes departmental collections; dedicated credits; aeronautics; Federal mineral lease revenues; intergovernmental revenues; interest on investments; liquor control profits; and other restricted miscellaneous revenues.

(Source: Division of Finance.)

For the Fiscal Year Ended June 30, 1998, General Fund revenues from all sources totaled $2,768,364,000. Of this amount, 46% came from sales taxes, 37% came from Federal contracts and grants, 9% came from fees, Federal mineral lease revenues and other miscellaneous restricted revenues, and 8% came from miscellaneous taxes, interest on investments, license fees and other unrestricted revenues. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund which amounted to $26,297,000 for such fiscal year.

In the Uniform School Fund for Fiscal Year Ended June 30, 1998, revenues from all sources totaled $1,836,334,000. Of this amount, 75% came from individual income taxes, 11% came from corporate franchise taxes, 11% came from Federal contracts and grants, 3% came from other miscellaneous restricted and unrestricted revenues.

In the Transportation Fund for Fiscal Year Ended June 30, 1998, revenues from all sources totaled $543,571,000. Of this amount, 53% came from Motor and Special Fuel Taxes, 24% came from Federal contracts and grants, 10% came from other miscellaneous unrestricted taxes and fees, and 13% came from miscellaneous fees and other restricted revenue.

In the Centennial Fund for Fiscal Year Ended June 30, 1998, revenues from all sources totaled $52,425,000. Of this amount, 48% came from interest income, 27% came from Motor Vehicle Registration fees, 22% came from Federal contracts and grants, and 3%% came from miscellaneous restricted revenue.

In the Capital Projects Fund for Fiscal Year Ended June 30, 1998, revenues from all sources totaled $77,585,000. Of this amount, 93% came from intergovernmental sources, 6% came from interest earnings, and 1% came from miscellaneous revenue.

In the Debt Service Fund for Fiscal Year Ended June 30, 1998, revenues totaled $10,801,000 of which 5% was from interest earnings and the remaining 95% from miscellaneous sources.

Revenues by Source

All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (in thousands)				
	Estimated 1999 (*)	1998	1997	1996	1995
Unrestricted:					
Individual income tax	$1,461,722	$1,377,494	$1,237,332	$1,139,080	$1,026,803
Sales tax	1,285,531	1,260,033	1,259,961	1,170,120	1,061,870
Motor and special fuel tax ..	297,000	290,086	214,758	206,904	196,422
Corporate franchise tax	201,978	196,275	191,991	176,781	157,901
Misc. tax and other..........	147,246	162,968	129,747	119,796	138,117
Licenses, permits and fees..	72,578	83,994	64,486	67,512	65,529
Liquor control profits	28,000	26,297	24,312	22,155	20,080
Interest on investments......	33,355	43,033	20,811	20,323	17,775
Total unrestricted..........	$3,527,410	3,440,180	3,143,398	2,922,671	2,684,497
Restricted:					
Fed. contracts and grants...	1,483,654	1,382,748	1,315,279	1,266,632	1,193,140
Department collections......	191,175	174,228	163,763	149,868	158,454
Miscellaneous................	82,371	86,168	80,131	67,983	52,987
Federal mineral leases.......	30,500	33,485	34,111	34,718	29,054
Intergovernmental	30,146	72,366	38,731	46,602	20,740
Restricted sales tax	28,186	27,816	–	–	–
Restricted taxes (2)..........	25,000	40,699	3,316	25,281	36,491
Aeronautics..................	16,530	22,762	24,890	35,122	49,701
Interest on investments......	11,614	18,749	18,593	19,603	17,131
Total restricted............	1,899,176	1,859,021	1,678,814	1,645,809	1,557,698
Total revenues	$5,426,586	$5,299,201	$4,822,212	$4,568,480	$4,242,195

(*) Estimates for June 30, 1999 were generated as of March 1999.

(1) This summary includes revenues of the State Governmental–Type Funds which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Sports Authority Fund, Consumer Education Funds, and Federal Retirees Settlement Fund), Capital Projects Fund and Debt Service Fund.

(2) Restricted taxes are the result of a change in accounting standards that requires certain taxes to be recognized as revenue when they are measurable and available even if the cash is collected after the end of the fiscal year.

(Sources: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

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Expenditures by Function

All Governmental Fund Types (1)

Function	Estimated 1999 (*)	1998	1997	1996	1995
	Fiscal Year Ended June 30 (in thousands)				
Public education	$1,779,123	$1,676,668	$1,651,282	$1,476,565	$1,299,052
Human services/health/corrections/ environmental quality	1,315,283	1,289,255	1,480,616	1,394,764	1,296,189
Transportation and public safety	1,049,909	1,126,225	669,014	546,650	497,068
Higher education	508,596	475,817	464,202	432,816	409,083
Employment and family services (2)	303,075	285,602	–	–	–
General government	245,058	230,030	248,918	234,251	225,427
Capital outlay	201,546	200,912	182,129	207,418	177,937
Debt service	134,685	131,075	100,651	94,426	86,572
Natural resources	96,388	88,529	91,656	86,899	78,440
Community and economic development	75,876	72,847	84,384	82,585	71,883
Business, labor and agriculture	44,552	42,423	39,107	36,307	34,550
Leave/Post employ. benefits	21,565	21,565	31,659	18,562	35,233
Federal retirees	–	–	–	72	805
Total expenditures All Governmental Fund Types	$5,775,656	$5,640,948	$5,043,618	$4,611,315	$4,212,239

(*) Estimates for June 30, 1999 were generated as of March 1999.

(1) This summary includes expenditures of the State Government–Type Funds which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Sports Authority Fund, Consumer Education Funds, and Federal Retirees Settlement Fund), Capital Projects Fund and Debt Service Fund.

(2) The Department of Workforce Services was created in the Fiscal Year Ended June 30, 1998, to operate the integrated Employment and Family Services function for the State. The Employment and Family Services function was previously reported on this schedule in the functions of General Government, Community and Economic Development, and Human Services.

(Sources: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

Changes in All Governmental Fund Types (1)

	Estimated 1999 (*)	1998	1997	1996	1995
	Fiscal Year Ended June 30 (dollars in millions)				
Revenues	$5,427	$5,299	$4,822	$4,568	$4,242
% change over previous year	2.4%	9.9%	5.6%	7.7%	8.4%
Net other financing sources (2)	$168	$922	$74	$156	$122
Expenditures (3)	$5,776	$5,641	$5,044	$4,611	$4,211
% change over previous year	2.4%	11.8%	9.4%	9.5%	7.6%

(*) Estimates for June 30, 1999 were generated as of March 1999.

(1) Includes the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Sports Authority Fund, Securities Investor Education and Training Fund, and Federal Retirees Settlement Fund), Capital Projects Fund and Debt Service Fund.

(2) Includes bond proceeds, net of any refunding issues, transfers from non–governmental funds, plus financing provided from capital leasing.

(3) Funding for expenditures is provided from revenues, beginning balances and bond proceeds; beginning balances are not reflected in this table.

(Sources: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

Fund Balances (1)

The 1999 estimates for fund balances are not available.

Fund Balances—All Governmental Fund Types

	Fiscal Year Ended June 30 (in thousands)				
	1998	1997	1996	1995	1994
General Fund	$ 519,700	$416,539	$439,158	$386,513	$345,361
Special Revenue Funds					
Centennial Highway Fund	458,853	14,107	–	–	–
Uniform School Fund	230,406	183,212	266,130	213,123	111,471
Transportation Fund	18,148	18,648	62,382	63,632	39,273
Sports Authority Fund	937	(6,239)	(6,194)	(3,040)	3,427
Consumer Education Fund	309	298	298	171	71
Capital Projects Fund	91,865	107,164	116,986	100,839	98,675
Debt Service Fund	7,567	13,891	13,493	8,881	6,898
Total	$1,327,785	$747,620	$892,253	$770,119	$605,176

(1) Includes restricted and unrestricted fund equity.

(Source: Division of Finance.)

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General Fund

Revenues, Expenditures and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	Estimated 1999 (*)	1998	1997	1996	1995
Revenues:					
Sales tax	$1,276,416	$1,251,379	$1,251,735	$1,162,514	$1,054,767
Federal contracts and grants	1,117,413	1,037,649	986,069	942,465	907,289
Department collection	167,870	144,097	138,370	136,281	136,360
Miscellaneous tax & other	147,246	162,483	129,719	119,770	134,158
Miscellaneous	40,682	47,342	44,911	38,564	30,163
Federal mineral leases	30,500	33,485	34,111	34,718	29,054
Liquor control (1)	28,000	26,297	24,312	22,155	20,080
Interest	26,513	28,638	27,016	26,555	20,916
Licenses, permits and fees	18,734	14,422	13,792	12,811	13,189
Restricted sales	25,000	12,661	13,023	10,375	9,017
Restricted sales taxes	10,147	9,911	–	–	–
Total revenues	$2,888,521	$2,768,364	$2,663,058	$2,506,208	$2,354,993
% change over previous year	4.3%	4.0%	6.3%	6.4%	6.8%
Expenditures (2)	$2,704,394	$2,591,203	$2,513,596	$2,359,468	$2,213,651
% change over previous year	4.4%	3.1%	6.5%	6.6%	8.7%
Fund Balance: (2)					
Unreserved, designated	na	$138,938	$107,341	$167,045	$122,761
Unreserved, undesignated	na	9,408	2,428	483	15,246
Reserved	na	371,354	306,770	271,630	248,506
Total fund balance	na	$519,700	$416,539	$439,158	$386,513

(*) Estimates for June 30, 1999 were generated as of March 1999.
(1) Liquor Control profits are reported as transfers into the General Fund.
(2) The Fund Balance is derived from revenues, expenditures, transfers and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 1998 Comprehensive Annual Financial Report.)

Capital Expenditure Authorizations

The following table presents historical data on capital expenditures in the year authorized from the Fiscal Years Ended June 30, 1995 through 1999. Included in these figures are capital outlay expenses and authorizations for the construction of new buildings and the improvement of existing buildings as shown in previous tables. These figures also contain previous bond expenditures, the construction of buildings for higher education, water development or storage projects, flood control projects, the construction or improvement of roads and related transportation projects, State and some local recreation projects and those local projects in energy–impacted areas funded with community impact moneys. These figures exclude debt service.

Capital Expenditure Authorizations (in millions)

Fiscal Year Ended June 30				
1999	1998	1997	1996	1995
$1,109.9	$1,329.0	$673.2	$529.5	$507.9

(Source: Governor's Office of Planning and Budget.)

Investment Of Funds

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code (the "MM Act") governs the investment of all public funds held by public treasurers in the state. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in–state and permitted out–of–state financial institutions, approved government agency securities and investments in corporate securities carrying "top credit ratings." The MM Act also provides for pre–qualification of broker dealers requiring that broker dealers must agree in writing to comply with the MM Act and certify that they have read and understand the MM Act. The MM Act establishes the Money Management Council (the "MM Council") to exercise oversight of public deposits and investments. The law requires all securities to be delivered versus payment to the State Treasurer's or to the public treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The MM Act also defines the State's prudent investor rules. The MM Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

Information regarding the MM Act may be found on the internet at http://www.treasurer.state.ut.us. Such information shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the 1999A Bonds.

The State is currently complying with all of the provisions of the MM Act for all State operating funds. A significant portion of State funds are invested in the Utah Public Treasurers Investment Fund ("PTIF"), as discussed below.

The Utah Public Treasurers' Investment Fund. The PTIF is a local government investment pool, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return on short–term investments. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The current weighted average adjusted life is 75.7 days, with approximately 38% of the securities maturing or repricing within 30 days, and 90% of the securities maturing or repricing within 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State. It is the policy of the State Treasurer to manage a stable net asset value pool and maintain a net asset value that does not deviate by more than 0.5%.

Securities in the PTIF include certificates of deposit, commercial paper, short–term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short–term securities must be rated "first tier" ("A1," "P1," for short–term investments and

"A" or better for long–term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's or S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor.

See "APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998–Notes To The Financial Statements–Note 3. Deposits and Investments" below.

Information regarding PTIF may be found on the internet at http://www.treasurer.state.ut.us. Such information shall not be considered to be a part of this OFFICIAL STATEMENT and is not provided in connection with the offering of the 1999A Bonds.

PTIF Year 2000 Compliance. The State Treasurer's office uses a third party software program to do the investment and fund accounting for PTIF. The vendor has certified to the State Treasurer that its software is Year 2000 compliant. The national and local banks, which provide safekeeping, automated clearing house, fed wire and other services that benefit PTIF, have reported to the State Treasurer that they intend to be Year 2000 compliant by June 30, 1999. For a discussion of the State's Year 2000 compliance efforts see "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State's Discussion And Analysis Of Financial Condition And Results Of Operations–Impact of Year 2000" above.

Investment of 1999A Bond Proceeds. Proceeds of the 1999A Bonds will be held by the Trustee and invested so as to be readily available. 1999A Bond proceeds may also be invested in the PTIF.

Retirement Systems

All full–time employees of the State are members of the Utah State Retirement System. For a discussion concerning the Utah State Retirement System see "APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Financial Statements—Note 15. Pension Plans" "–Note 16. Deferred Compensation Plan" and "–Note 17. Postemployment Benefits" below.

Risk Management

The State is self–insured against certain property and liability claims. The Legislature established the Administrative Services Risk Management Fund to pay for commercial insurance or for the self–insured portion of certain property and liability risks. Revenues are generated from premiums charged to State departments and institutions of higher education and also from several local school districts and local health departments.

The property self–insurance limits for the fiscal year beginning July 1, 1998 are $1 million per claim with an annual aggregate of $2.5 million. Generally, claims in excess of the self–insured limits are covered by insurance policies with private insurance companies. This coverage has limits of $400 million at any single building, with overall limits in excess of $12.1 billion. The State has aggregate coverage of $400 million for earthquake and flood losses. Earthquake and flood losses above this limit are self–insured.

The State is self–insured for 100% of the liability claims arising out of occurrences.

As of June 30, 1998, the Administrative Services Risk Management Fund was estimated to have approximately $36 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through

June 30, 1999. The Legislature has chosen to fund the Risk Management Fund at this level, and it has been advised that any extremely large claims would need to be covered by an appropriation. See “APPENDIX B—GENERAL PURPOSE FINANCIAL STATEMENTS OF THE STATE OF UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 1998—Notes to the Financial Statements—Note 18. Risk Management And Insurance” below.

LEGAL MATTERS

Absence Of Litigation Concerning The 1999A Bonds

There is no litigation pending or threatened against the 1999A Bonds questioning or in any matter relating to or affecting the validity of the 1999A Bonds.

On the date of the execution and delivery of the 1999A Bonds, certificates will be delivered by the State to the effect that to the knowledge of the State, there is no action, suit, proceeding or litigation pending or threatened against the State, which in any way materially questions or affects the validity or enforceability of the 1999A Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the State.

A non–litigation opinion issued by the State’s Attorney General, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to her knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the State, the Authority or the Division, or the titles of their respective officers to their respective offices, or the ability of the State, the Authority or the Division or their respective officers to authenticate, execute or deliver the 1999A Bonds or such other documents as may be required in connection with the issuance and sale of the 1999A Bonds, or to comply with or perform their respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 1999A Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 1999A Bonds are issued, the legality of the purpose for which the 1999A Bonds are issued, or the validity of the 1999A Bonds or the issuance and sale thereof.

Miscellaneous Legal Matters

The State, its officers, agencies, and departments, are parties to numerous routine legal proceedings, many of which normally occur in governmental operations.

Attorney General’s Opinion Of Effect Of Legal Proceedings On State’s Ability To Make Timely Payments On Bonds

Based on discussions with representatives of the State’s Executive and Legislative Departments, the Attorney General is of the opinion that the miscellaneous legal proceedings against the State, individually or in the aggregate, are not likely to have a material adverse impact on the State’s ability to make its payments on the principal of and interest on the 1999A Bonds as those payments come due.

Tax Exemption

Federal Income Taxation

Federal tax law contains a number of requirements and restrictions that apply to the 1999A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of 1999A Bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the State have covenanted to comply with all requirements that must be satisfied in order for the interest on the 1999A Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 1999A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 1999A Bonds.

Subject to compliance by the Authority and the State with the above–referenced covenants, under present law, in the opinion of Chapman and Cutler, Bond Counsel, interest on the 1999A Bonds is not includible in the gross income of the Owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the 1999A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the State with respect to certain material facts solely within their respective knowledge relating to the application of the proceeds of the 1999A Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax–exempt interest, including interest on the 1999A Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax–exempt interest such as interest on the 1999A Bonds.

Ownership of the 1999A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax–exempt obligations. Prospective purchasers of the 1999A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a 1999A Bond is purchased at any time for a price that is less than the 1999A Bond's stated redemption price at maturity, or, in the case of a 1999A Bond issued with original issue discount, its Revised Issue Price (as discussed below) the purchaser will be treated as having purchased a 1999A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 1999A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 1999A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 1999A Bonds.

From time to time, there are legislative proposals in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 1999A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issue prior to enactment. Prospective purchasers of the 1999A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Utah Income Taxation

In the opinion of Chapman and Cutler, Bond Counsel, under the existing laws of the State as presently enacted and construed, interest on the 1999A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 1999A Bonds may result in other State and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 1999A Bonds. Prospective purchasers of the 1999A Bonds should consult their tax advisors regarding the applicability of any such State and local taxes.

General

The approving opinion of Chapman and Cutler, Bond Counsel, concerning the validity of the 1999A Bonds, in substantially the form set out in APPENDIX D to this OFFICIAL STATEMENT, will be provided at the time of delivery of the 1999A Bonds to the successful bidder(s). Copies of the opinion of Bond Counsel, in substantially the form set forth in APPENDIX D to this OFFICIAL STATEMENT, will be available upon request from the chief contact person for the State indicated under the heading "INTRODUCTION—Contact Persons" above.

Bond Counsel has reviewed those portions of this OFFICIAL STATEMENT captioned: "THE 1999A BONDS (except the portions under the captions "—Estimated Sources And Uses Of Funds," "—Book–Entry Only System" and "—Debt Service On The 1999A Bonds"), and "LEGAL MATTERS—Tax Exemption" and "—Original Issue Discount." Bond Counsel also prepared the OFFICIAL NOTICE OF BOND SALE and has prepared and reviewed APPENDIX A and APPENDIX D to this OFFICIAL STATEMENT, which sets forth the anticipated form of Bond Counsel's opinion on the 1999A Bonds. Bond Counsel has not assumed responsibility for the remaining material in the OFFICIAL STATEMENT and cannot verify independently the information set out therein. In addition, Bond Counsel has not assumed responsibility for any agreement, representations, offering circulars or other material of any kind not mentioned in this paragraph, relating to the offering of the 1999A Bonds for sale.

Certain legal matters will be passed upon for the Authority and the State by the Office of the Attorney General of the State. Certain matters will be passed upon for the successful bidder(s) by Ray, Quinney & Nebeker.

MISCELLANEOUS

Bond Ratings

The scheduled payment of principal of and interest on the 1999A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 1999A Bonds by FSA. The 1999A Bonds are rated "Aaa" (FSA Insured) by Moody's and "AAA" (FSA Insured) by S&P. See "CREDIT ENHANCEMENT" above.

Such ratings do not constitute a recommendation by the rating agency to buy, sell or hold the 1999A Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, 99 Church St, New York, NY 10007 and S&P, 55 Water St, New York, NY 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

Additionally, as of the date of this OFFICIAL STATEMENT, Moody's and S&P have given the 1999A Bonds an underlying rating of "Aa2" and "AA," respectively. See "STATE BUILDING OWNERSHIP AUTHORITY—Debt Issuance" and "DEBT STRUCTURE OF THE STATE OF UTAH—General Obligation Indebtedness" above.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the 1999A Bonds. There is no assurance that such ratings will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 1999A Bonds.

Year 2000 Compliance

For a discussion of the State's Year 2000 compliance efforts see "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State's Discussion And Analysis Of Financial Condition And Results Of Operations–Impact of Year 2000" above.

Financial Advisor

The State has entered into an agreement with Zions Bank Public Finance, Salt Lake City, Utah (the "Financial Advisor") whereunder the Financial Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 1999A Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors relating to the sale of the 1999A Bonds. The Financial Advisor has read and participated in the drafting of certain provisions of this OFFICIAL STATEMENT. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the State, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matters related to the OFFICIAL STATEMENT. Financial Advisor fees are contingent upon the sale and delivery of the 1999A Bonds.

Independent Auditors

The financial statements as of June 30, 1998 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by the Utah State Auditor, as stated in their report in APPENDIX B to this OFFICIAL STATEMENT.

Additional Information

The foregoing description of the 1999A Bonds and the summaries of the basic documents hereto do not purport to be complete and are expressly made subject to the exact provisions of the complete documents, copies of which are available for inspection at the offices of the Financial Advisor during the offering of the 1999A Bonds, and subsequently, at the principal corporate trust office of the Trustee in Salt Lake City, Utah.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The Appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Authority.

State of Utah, State Building Ownership Authority

/s/ David Adams

David Adams, Chairman